The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Significance of Extension of the S. M. R. South of Great Wall

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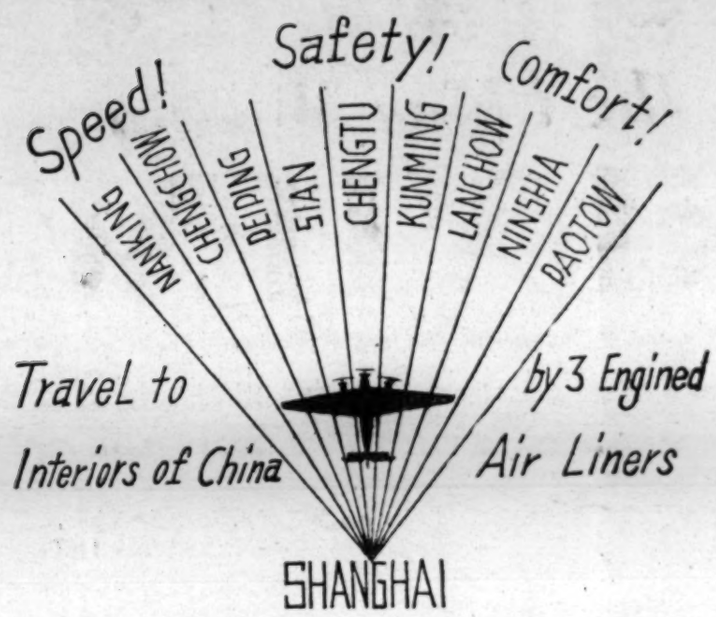

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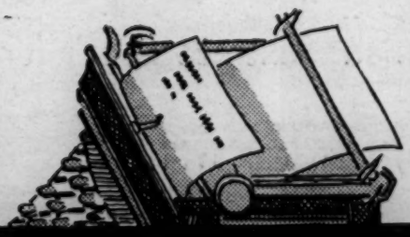

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The China Weekly REVIEW

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SINO-JAPANESE CRISIS RAPIDLY BECOMING INTERNATIONAL

THE *Reuter* report from Tokyo alleging that Great Britain had decided to invoke the Nine-Power Treaty, although later designated by a spokesman of the Foreign Office as a "mere conjecture," did, nevertheless indicate that Japan's activities in China are rapidly taking on an international aspect. Japan has insisted since her original violation of the treaty in 1931 that her activities in China concerned only Japan and China and that intervention by other nations would be resisted by force of arms. But while Japan caught the other nations napping in 1931, this situation no longer prevails. As a result of Japan's menace to oriental and world peace the other nations have strengthened their armament and are beginning to consult with each other as how best to protect their interests. Although Russia was not a signatory to the Nine-Power Treaty, that country has since become a vital factor in the Far Eastern Crisis because of Japan's pressure on China for a military alliance against the U. S. S. R.

The Japanese attempt to establish military control over China with the ensuing menace to American and European interests has produced an inevitable reaction in the sphere of international armament, precipitating competitive construction similar to the situation following the World War. The United States has not only stationed its entire fleet in the Pacific, but has arranged for an extensive expansion of military aviation both at Honolulu and on the Alaskan coast. Also the navy is being rapidly built up to full treaty strength and more, the naval officials at Washington have announced their determination to meet competitive construction by other nations. Great Britain has signed a treaty with the Soviet Union pertaining to naval matters which has an important bearing on developments in the Far East. The Soviet Union is also rapidly developing naval defenses in the Pacific centered at her port of Vladivostok. Great Britain has greatly expanded her fortifications at Singapore and the Netherlands

is following a similar policy in its East Indian island possessions. The United States, while planning to grant complete independence to the Philippines, is nevertheless actively helping the Philippine Commonwealth to arm itself against Japan. China, the present victim of Japanese aggression, is also arming to the fullest extent of her financial power.

Colonel Henry L. Stimson, former American Secretary of State, author of the "Stimson Doctrine" of non-recognition of Japan's military conquests of Chinese territory, declared in his new book dealing with the Far-Eastern Crisis that there was an inseparable connection between arms limitation and restriction of Pacific fortifications and the question of maintenance of the territoral and administrative integrity of the Chinese Republic. In other words, it was Japan's agreement to respect the Nine-Power Treaty guaranteeing the integrity of Chinese territory that caused America, Britain and the other Powers to forego further naval construction and upbuilding of fortifications in the western Pacific.

The *New York Times* declared that the Nine-Power Treaty and Disarmament agreement put Japan on her honor not to take advantage of the weakness of China. "Although Japan played the role of good neighbor for about ten years, she occupied in 1931 China's northeastern provinces in defiance of the Western Powers and the condemnation of the League. In 1933 the Tangku Truce and in 1935 the Ho-Umetzu Agreement extended Japan's power south of the Great Wall and forced the National Government to evacuate North China. In the meantime the Japanese military authorities instigated the establishment of an autonomous administration in North China but did not completely succeed due to Chinese resistence and the opposition of British and the United States. The Japanese Army's encouragement of the open smuggling of Japanese goods into North China adversely affected Western trade and reduced China's customs revenue. Japanese policy as formulated in the 21 demands and as practiced since 1931 has intensified Chinese hatred. Repeated flagrant violations of Chinese sovereignty have increasingly inflamed public opinion. Under these circumstances it is extraordinary that there have been so few incidents, rather than so many, attacks on Japanese subjects. For the Japanese Government solemnly to ask the rest of the world to accept its aggression as justifiable is to expect too much of human credulity."

The uncertainties and suspicions now existing among the nations possessing interests in the Orient, resulting from Japan's policy of treaty violation and aggression, can have no other outcome than war, not only between Japan and China but ultimately involving Western nations. The alternative is treaty observance, compromise and friendly cooperation—which means going back to the Nine-Power Treaty and the other commitments of the Washington Conference of 1921-1922. If Britain has decided to invoke the conference clauses in the Nine-Power Treaty, it is one of the most encouraging developments since the enunciation of the Stimson Doctrine and the League's action on the Manchurian question. If Japan continues to resist and persists in her military policies, there is no alternative but for the Western Powers signatory to the Treaty, *and Russia*, to unitedly force the issue.

China has nothing to lose and everything to gain by making the present situation as "international" as possible, outherwise there can be no other outcome for her than a semi-colonial position in the Imperial Japanese Empire!

FREDERICK MOORE AGAIN DISPARAGES AMERICA'S CHINA TRADE

FREDERICK Moore, an employe of the Japanese Foreign Office, who is now making a tour of the Far East and is scheduled to arrive in Shanghai shortly, has made a further disparaging statement about American trade with China. In an article which he contributed to the magazine *Manchuria*, issued by the propaganda department of the South Manchuria Railway at Dairen, Mr. Moore declared that America had nothing to lose in regard to its China trade and "would be better off if it had none at all." Taken in conjunction with his previous interviews in the Tokyo newspapers, Moore's latest statement has aroused deep interest on the part of both Chinese and Americans. The statement in the Dairen paper which was included in a general discussion of American policy in the Far East was to the following effect:

> "In regard to our trade with China, we have nothing whatever there to lose. If we had none at all we should be better off. As a nation we Americans have not made a dollar of profit out of the Chinese for decades. Individual American companies have, notably the Standard Oil Company, but not the nation. The profit has been the other way, to the Chinese, More than all we have made for half a century, our churches and philanthropic organizations have poured back into China for religious, medical and educational work, Our mission bodies have long been concentrating upon China—the oldest and largest country in the world—in an effort to convert its people to Christianity. But even if none of these many millions of dollars were considered, still we should not have made a dollar out of Chinese trade. It has never been more than three per cent of our total foreign trade and it has cost us scores of millions for protection.
>
> "Ever since the Boxer Rising in 1900 our Government has maintained naval forces in Chinese rivers and harbors for the protection of our citizens there. Generally we keep two or more armed men to every business man we have in the country. Suppose it were necessary to provide two policemen for the protection of every business man in New York; would the business of that city then be profitable? Consider the greatly augumented cost of keeping naval officers and sailors on gunboats in Chinese waters.

"If the Japanese could bring law and order to China it would benefit not only the long-suffering native masses but also American business. It would not close the socalled 'open door.' We Americans have long been deluding ourselves with myths about the East of Asia and it is time we faced the facts. We have permitted ourselves to be enticed into sympathies that have cost us millions in armament, and it is time for us to realize that emotions carried to extremes can become dangerous. The Japanese are by no means a perfect people, far from it, but they have the ability to maintain law and order and wherever they have gone they have brought this benefit to other peoples."

Coming at this time of crisis when the Japanese military authorities have presented their "last word" to the Nanking Government, Moore's statements are of undoubted significance in that they indicate the present and probable future trend of Japanese propaganda in the United States—to the effect that there is no use worrying about China from the standpoint of trade relations "because it is of no consequence anyway." As indicated in our previous report (August 15) Mr. Moore was engaged in newspaper work in Peiping several years ago but in recent years has been in the employ of the Tokyo Foreign Office and usually has been stationed in Washington where he serves as an advisor to the Japanese Embassy. His present trip to the Far East is for the purpose of collecting information for a book. In making his disparaging remarks about American trade in China Moore overlooked the fact that Japan's violation of the Nine-Power Treaty and Kellogg-Briand Anti-War Pact in 1931 and later abrogation of the Naval Limitation Treaty, making it necessary for the United States to station its entire fleet in the Pacific, probably has caused America's trade with the entire Orient to become unprofitable, when balanced against the heavy expenditures for armament occasioned by Japan's treaty violation and military expansionist activities in China.

S. M. R. Expands Into North China—Will Repeat Manchurian Activities South of Wall

THE Chinese people already have a sufficiency of humiliation days marking anniversaries of events in the past when their country suffered national humiliation, usually due to the aggression of some stronger power. But regardless of the number of humiliation anniversaries already observed, one more should be added marking that disastrous day when the gates in the Great Wall were opened permitting the South Manchuria Railway to extend its activities into China proper.

No explanation is required to convince thoughtful Chinese, including every school boy and girl in the land, that of all of the semi-official enterprises of Imperial Japan on the Continent of Asia, none has exercised such satanical influence in the relations of oriental nations as the South Manchuria Railway.

The South Manchuria Railway was conceived in sin, and has lived up to its reputation since birth. It was built by the Czarist Russians in their drive toward a warm water port on the Pacific. It was claimed that the Russians obtained the concession to build the railroad from the Peking Government by bribing the old emissary, Li Hung-Chang, when that gentleman was in Moscow in 1986 attending the caronation of Czar Nicholas II. The concession included the right to build the Chinese Eastern Railway across North Manchuria as a short cut to Vladivostok, and also the southern branch which extended from Harbin through Changchun and Mukden to Port Arthur and Dairen at the tip of the Liaotung Peninsula on the southern coast of Manchuria bordering on the Gulf of Chihli.

The Japanese regarded this Russian railway thrust into South Manchuria as "a dagger pointing at the heart of Japan". They therefore, launched a war on the Russians shortly after the completion of the railway, and as a result of Russia's defeat Japan succeeded to that portion of the line running between Dairen and Changchun, the last mentioned town being regarded as the point of demarcation between the spheres of Japan and Russia in northeastern Chinese Provinces. Immediately after obtaining possession of the road, Japan 'reversed the dagger" so that henceforth the handle of that weapon was firmly grasped by the Kwantung branch of the Imperial Japanese Army with blade extending northward to Changchun on the border of the Russian sphere.

Japan then took a leaf out of the book of Czarist imperialism and developed the South Manchuria Railway as her own instrument of aggression in Manchuria. Immediately following the Portsmouth Peace Conference, marking the end of the war with Russia, the Japanese borrowed large sums of money in Great Britain, which they used for the development of imperial interests in South Manchuria centering primarily in the railroad. The Americans, who had assisted in bringing about peace between Japan and Russia and thereby saving Japan from threatened bankruptsy, were rewarded with contracts for railway equipment, paid for out of the British loan. Fearing future complications resulting from the operation of the S. M. R. as a semi-official enterprise, the then American Secretary of State, Philander C. Knox, proposed that all railways in Manchuria should be "neutralized," that is, divorced from governmental ownership and operation but although the Japanese and Russian's had just emerged from a war, they quickly got together to block

this intervention of a third party into a territory which they regarded as their private spheres.

The ownership and operation of the South Manchuria Railway always exercised a pernicious influence in Japan politics, domestic and foreign and as such merits serious study. A pamphlet recently issued from the Railway's Propaganda Department at Dairen described the line as "more than a mere railway company; it has been and still is the carrier of the light of civilization into Manchuria."

The Japanese have made much of an agreement signed by the old Peking Government, whereby China gave Japan the right to maintain and improve the "military railway line" between Antung and Mukden, an important branch which enabled the S. M. R. to extend its first tentacles into Chinese territory. The Japanese Army had built this line during the war with the announced object of "facilitating the transportation of the commercial and industrial goods of all nations." The Japanese also claimed that the Chinese Government agreed never to build any branch lines which would be prejudical to the interests of the S. M. R., a contention which the Chinese authorities always disputed.

With money borrowed abroad, primarily in Great Britain, and, in later years also from the United States, the Japanese quickly expanded the South Manchuria Company, which was officially organized in 1906, in accordance with imperial ordinance, with a capital of Y. 100,000,000. The company was empowered by the Government to carry on various affiliated enterprises, such as, marine transportation, operation of electric light and power plants, gas works, warehousing and docking, operation of tourist hotels and restaurants, and the centrol of the so-called railway "Zone" embracing a fertile strip of territory five miles wide on each side of the railway track, including numerous Chinese cities, towns and villages. The administration of this zone included monopolistic dealings in real estate, land and buildings, development of Japanese concessions, industries, etc. It was recorded that the S. M. R. once brought a legal action against a British consul in South Manchuria, because the consul kept a cow to supply himself with fresk milk and butter. The Japanese claimed this infringed the railway's dairy monopoly. The organization of the S. M. R. resembled in many respects the old charter which the British Government granted to the East India Company, which was largely responsible for bringing India, Straits Settlements and other Asiatic territories into the British Empire.

The S. M. R. always lived up to its reputation as the "life line of Imperial Japan." It provided for the direct and indirect support of some 250,000 Japanese who migrated over to Manchuria and attached themselves to the railway or its auxiliary organizations. The control of this important semi-official enterprise naturally resulted in corrupt political practices, both within Japan and in China. It was customary for Japanese politicians in need of funds to make regular trips to Dairen, where they tapped the treasury of the railway for "contributives," sufficient to keep them quiet at Diet sessions, or if they failed to obtain what they required they went home and engaged in black mailing activities. Every time there was a change in the Japanese Cabinet, it led to wholesale shifts of employees in the offices of the S. M. R. A young Japanese engineer once told the writer that a change in Premiers in Japan often resulted in 3,000 head office employees of the S. M .R. being removed in order to make places for political friends of the new Premier.

DAIREN "SLUSH" FUND

Unfortunately these practices were not confined to Chinese and Japanese politics. For many years the S. M. R. maintained a "slush fund", which it used to subsidize newspapers, magazines, correspondents and writers of books and magazine articles. It was and to a somewhat limited extent still is possible for writers, college professors, or other persons of influence to obtain free tickets to travel not only over all the railways of Manchuria, but also on steamship lines between Japan and Manchuria without any expense to the recipient of these favors. Once there was quite a furore in pacifist circles in the United States resulting from disclosures that the S. M. R. had secretly financed a "good-will tour" of American editors from the United States to Japan. The tour was officially fostered by a well-known American peace organization, the officers of which later claimed that they were not aware that most of the expenses, including a considerable sum for extras, was supplied from the propaganda funds of the S. M. R. head official at Dairen, where an American ex-newspaperman was employed to look after the welfare of travelers and also to write "confidential" reports on conditions in Manchuria which were distributed to editors in the United States and Great Britain.

But to get back to the matter discussed in the opening paragraph of this article, the expansion of the South Manchuria Railway into China proper south of the Great Wall, there was a recent report from Tientsin stating that the S. M. R. had decided to increase the capital of its recently organized subsidiary, known as the Hsin Chung Company, from Y. 10,000,000 to Y. 150,000,000. The Hsin Chung Compnay was founded at Tientsin in 1934 for the purpose of fostering the S. M. R's. and other Japanese enterprises south of the Great Wall. The head office of the new subsidiary company is in Tientsin, but branches already have been established in Dairen, Peiping, Tsingtao, Shanghai, Hongkong and Tokyo. The

president, Mr. Sogo, recently recommended that the character of the company should be changed from a "private concern" to a joint commercial enterprise, in which the Japanese Government would be a half owner as in the case of the S. M. R. It would thus become a full-fledged semi-official enterprise similar to the organization of the railway. Since this announcement there have been several significant developments in the North. On October 6th it was announced at Dairen that the South Manchuria Railway Company, "in an effort to effect closer relations with the Chinese railway authorities and in order to provide technical assistance to the Chinese," had appointed a liason officer named Yoshizumi Ichihara, who will have his office in Shanghai. It will be this official's duty to maintain close relations with Nanking officialdom and, incidentally, solicit orders for the construction of railway locomotives and passenger coaches from the Chinese railways. Several years ago the S. M. R. built a factory for the construction of its own locomotives and rolling stock and is no longer dependent upon supplies from America and Europe. It is no secret that the S. M. R. plans to take over the management of all Chinese railways north of the Yangtsze. Furthermore it has been alleged that the northern Chinese military authorities, controllers of the so-called Hopei-Chahar Political Council, have granted the S. M. R. the right to construct a number of new railways in North China, all of which are regarded as strategically necessary for the Japanese Army as part of its plan for waging war on the Soviet Russians. These new railway lines will also extend into the coal and iron districts of Chahar and Shansi the cotton-growing areas of Honan and Shansi and the wool and live-stock producing plains of Inner-Mongolia.

In order to embark on these expansionist enterprises south of the Great Wall, it was reported in the Tokyo newspapers on October 1st, that the S. M. R. was to be completely reorganized and would divorce itself from a number of subsidiaries in Manchuria proper. This decision apparently was made because of the opposition of the Japanese military authorities to the economic and political influence wielded by the enterprse in the puppet state of Manchukuo. It was claimed sometime previously that one of the objects of the Japanese Army in bringing about the abolition of extraterritoriality was for the purpose of giving the puppet state the right to levy taxes on the enterprises of the S. M. R. This indicated, unmistakably, that the Japanese army regards the work of the S. M. R. in Manchuria as having largely been completed; hence the decision to embark on enterprises of a similar imperialistic nature in China proper south of the Great Wall. A report in the *Asahi Shimbun*, on October 1st, stated that Yosuke Matsuoka, president of the railway, who was responsible for leading Japan's delegation out of the League of Nations when the Manchurian question was under discussion at Geneva, was sponsoring a program whereby the S. M. R. would raise through bond issues in Japan the sum of 500,000,000 yen for use in expansionist activities. In order to obtain this large fund Mr. Matsuoka recommended the issuance of debentures amounting to Y. 350,000,000 between 1936 and 1940 and the calling in in of unpaid shares from unofficial circles to the extent of Y. 72,000,000 and the sale of affiliated enterprises amounting Y. 14,000,000 Mr. Matsuoka stated that this "second capital raising plan" was for three objectives:

1. Investment in enterprises with which the company is connected.
2. Further railway construction plans.
3. North China economic development fund amounting to Y200,000,000 required immediately for enterprises south of the Great Wall.

The original capital of the S. M. R. Y. 100,000,000 has since been expanded to Y. 800,000,000 at present, which is the limit of its financial expansion without further legal sanction from the Government. While the railway only had a trackage of some 600 miles prior to the occupation of Manchuria in 1931, it has since been expanded through the seizure of Chinese lines and the purchase of the formerly Russian owned Chinese Eastern Railway to well over 2,000 miles at the present time.

WHO OPENED THE GATE?

It is not known definitely who was responsible in the northern Chinese military camp for granting permission to the S. M. R. to expand south of the Great Wall. Perhaps it was inevitable that such permission should be granted, because the so-called Kwantung branch of the Japanese Army has always used the S. M. R. as the spear-head of its expansionist activities on the continent. However, the actual permission for the S. M. R. to send its trains south of the Great Wall and directly into the central station at Peiping carrying Japanese armed guards both ways was included in the so-called Tangku Truce, which ended Sino-Japanese hostilities over the Manchurian question on May 31, 1933. It was claimed that one of the secret clauses to this agreement under the heading of "re-establishment of communications" granted the S. M. R. the right to send its trains over the tracks of the Chinese government-owned Peiping-Mukden railway south of the Great Wall.

This amounted to China's surrender of jurisdiction over the Peiping-Mukden Railway, which had been built largely with British capital many years previously. When the Japanese seized the Manchurian Provinces in 1931, they also seized the northern half of the Peiping-Mukden Railway. The Tangku Truce (1933) completed Japan's

control of the entire line, the Japanese warlords in the meantime having made peace with the British bondholders by guaranteeing that their coupons would be paid regularly. It was this deal which inspired certain British financial interests to press for the recogntion of Manchukuo.

The so-called "Mukden Explosion"which precipitated the Japanese military occupation of China's Manchurian provinces occurred during the night of September 18, 1931. The Japanese military authorities claimed that Chinese troops had ignited a bomb on the S. M. R. tracks a few miles outside of Mukden with the object of disrupting communications. Foreign consuls and newspaper correspondents were shown a section of the track where a new rail had been inserted, allegedly replacing one which had been damaged in the explosion. It was claimed that a piece of rail three feet long had been blown out, but one of the investigators of the Lytton Commission, by inspecting the timetables discovered that a train had passed over the spot without accident a few minutes after the time when the Japanese military authorities claimed the explosion had occurred. The Lytton report to the League as well as numerous independent reports indicated that the so-called "Mukden explosion" was a frame-up, planned and perpetrated by officers of the Japanese army in order to give justification for their military occupation of China's northeastern provinces, a territory about one-fifth the size of the United States. Thus was another chapter written in the satanic influence of the S. M. R.

It is therefore of vast significance to the Chinese people that the S. M. R. is now making plans for extensive activities, political, financial and economic, south of the Great Wall. If permitted to develop as planned by the Japanese warlords, the railway will complete the actual separation of the five important provinces, Hopei, Chahar, Suiyuan, Shansi and Shantung, as well as Inner-Mongolia, from the jurisdiction of the Chinese Government at Nanking. Whether Japan will set up another puppet state in this territory similar to that in Manchukuo, or ultimately amalgamate the provinces with Manchukuo, remains to be seen. This is the real objective of the so-called China-Japan-Manchukuo "economic block," frequently referred to in the Japanese newspapers.

Yosuke Matsuoka, general manager of the S. M. R. recently told the correspondent of a leading American newspaper that Japan had expended to date approximately Y. 1,500,000,000 on the Manchurian adventure since 1931. Aside from strictly military expenses much of this money was provided by the S. M. R. through bond issues in Japan, the public being attracted by the high rate of interest paid. Recently, however, Japanese financiers have become suspicious of the S. M. R's financial condition due to over-expansion and investment in non-productive enterprises considered strategically necessary by the Kwantung army authorities. A further source of apprehension is the imminent threat of war with the Soviet Union. For these reasons the S. M. R. is desperately in need of new capital, particularly to finance its operations south of the Great Wall. A statement by Lord Rothermere, well known British newspaper "baron" who is now traveling in the Orient that the investment of British capital in China might provide a point for Anglo-Japanese cooperation, indicated that Japan has been trying to borrow money in England for consolidating her Manchurian empire and financing further adventures in North China and Mongolia. A few months prior to the Manchurian occupation the S. M. R. tried to borrow G. $40,000,000 from J. P. Morgan and Company, but the loan was blocked by Chinese opposition and the disapproval of the State Department.

Soviets Threaten to Send Planes and War Materials to Madrid Unless Fascists Desist

WITH the rebel army daily tightening its grip on the Spanish capital, and with the fall of Madrid being inevitable in the not distant future, the attitude of the Russian Soviets becomes daily a matter of greater importance. The Soviet Union on Oct. 7, sent a note of warning to all nations having an interest in the Spanish question threatening to aid the Spanish left-wing troops unless the aid which the Fascists of Germany and Italy were allegedly giving to the Spanish rebels, ceased. It was indicated that the Soviets would speed airplanes and other war materials to Madrid to aid their friends, thus challenging the attitude of Germany and Italy. The intensity of Soviet feeling was reflected in an editorial in Moscow *Pravda* Oct. 11, characterizing the Fascist delegates to the recent meeting of the Non-Intervention Committee at London as "criminals caught red-handed", and accusing them of falsehood and slander. Telegrams from Rome, however, stated that in Mussolini's opinion the Soviets were bluffing. The Italians, meanwhile are speeding up their armament program most decidedly. A new Air Council was established this week. Telegrams from Rome estimated that the cost of new airdromes which the Italian Cabinet has decided to erect in the Valley of the Po, along the Adriatic and Tuscan coasts, and in the islands of Sardinia and Sicily, will cost over £15,000,000.

Meetings in London of the Committee on Non-Intervention in Spanish affairs during the past week have proved rather stormy. The Soviet

delegates insist that the Committee shall not be used as a screen for covering the intervention of certain states (meaning Portugal, Germany and Italy). The Italian delegate, Signo Grandi, countered with an accusation that the Soviets had brought airplanes and amunitions to Spain in the form of provisions on the Soviet ships *Neva* and *Kuban*. *Reuter* stated that League of Nations circles in Geneva are apprehensive that Russia may follow up her threats by openly supporting the Spanish Government. M. Litvinoff, the Soviet Foreign Commissar, it was stated, has hitherto been dissuaded with great difficulty, from raising the question at formal League meetings.

The Soviet position was strengthened by the fact that complete agreement was reached in London October 2, on the text of the bilateral naval treaty concluded between Great Britain and Soviet Russia at the end of July. The treaty, however, will only become operative if the governments concerned approve of it and if Germany adheres to the 1936 London naval treaty signed by Great Britain, the United States and France. The Soviets will have a free hand as regards the Far East, except that they undertake not to build vessels in the Far East outside the limits of the 1936 treaty. This means that, if Japan exceeds these limits, Russia is permitted to do likewise.

The British Labor Party, while in international affairs more favorable to the Soviets than to the mid-European Powers, is not particularly in love with Communism as a doctrine as was evidenced by the fact that the Labor Party Conference in Edinburgh last week by 1,728,000 votes to 592,000, rejected the application of the Communist Party for affiliation with the Labor Party.

No particularly aggressive gestures have come from Germany during the week. Germany, of course, is still committed to the policy of securing the return of her colonies, but even this question is being soft-pedalled for the moment. A *Reuter* telegram from Berlin Oct. 11, stated that the inhabitants of the Reich are mystified by a sudden decision to postpone the National Colonial Conference, which was due to start at Breslau on Oct. 16. A campaign to make the country "colony-conscious" had been worked up for some time, and the Breslau conference was scheduled to be accompanied by spectacular publicity. A cryptic announcement issued in Berlin attributed the postponement of the conference to the illness of one of the organizing officials, but *Reuter* expressed the opinion that there was good reason to believe that the explanation lay deeper. The attitude of Germany is being carefully watched in England. Lord Snell, leader of the British Labor Opposition, in a speech in San Francisco Oct. 6, said Germany is the main obstacle to peace in Europe. "Germany is a moral and material problem," Lord Snell said. "Germany breaks treaties as she pleases. If we were to adopt that policy in our own life, we would end in prison. Japan is the spearhead of the movement of racial suppression in the East," Lord Snell added. "Her need for expansion is evident. Japan says that while she is merely in a stage of preparation, England and America have reached satiety. But Japan's problem is domestic. Her children to-day bring on her problems. Japan has acquired the disease of dominant internationalism."

German politics are also closely watched in the United States, although it is probably correct to say that there is more discussion in the United States regarding the position of Germany in the World War than there is concerning any military activities that Germany might engage in in any near future. Newton D. Baker, who was Secretary of War under President Wilson, in the October issue of *Foreign Affairs* discusses Wilson's war policy at length and expresses the opinion that the United States entered the world war solely because of Germany's unrestricted submarine campaign.

A new angle on Germany's demand for the return of colonies was provided by the publication in Washington Oct. 12, of hitherto secret archives of the U. S. Department of State which disclose that the United States vigorously protested against the diposition of the former German colonies at the close of the World War. Diplomats in Washington pointed out that, if the American principles had been followed in the division of the former German colonies by the Allied Powers, the Reich's present demand for return of those colonies might not now present such a crisis to Europe.

The British policy of firmness in Palestine has had its reward. The strike of the Arabs was called off early this week, following the suggestion of the kings of four neighboring Arab conferences. The Palestine problem was the only one on which the British Government did not compromise, of the many that confronted it during the past several years.

Although there is no actual armed conflict in progress in the Pacific area at the moment, the questions to be solved in this part of the world are equally as weighty, if not more so, than those to be decided in Europe. A statement by Claude A. Swanson, U. S. Secretary of the Navy, Oct. 7, made it clear that the United States of America is not to be bluffed as regards the Pacific. Mr. Swanson gave a warning that in the absence of any agrement, the United States Navy was fully prepared to match the building activities of any other Power in the Pacific. Fortifications are intended to answer fortifications, he said; one menace must be met by another menace. Telegrams from Tokyo stated that negotiations for renewal of Art. XIX of the Washington Treaty

would have to take into consideration the future of Formosa and the Pescadoes, where an important naval base is situated on the island of Mako. Japan, it was stated, will also probably desire the right to modernize and replenish her fortifications in the Kurile Islands, in view of the growing strength of Vladivostok, and in the Bonin Islands and the Ogasawara Group, in view of the fact that Guam is likely to become an important air base. The question of Pacific fortifications is being raised at this time (particularly by Britain) because of the fact that the provisions of the Washington Treaty (denounced by Japan) expire on December 31, of this year.

Britain's Interest in Sino-Japanese Relations

A appeal for moderation in Japan's policy towards China was reported contained in a new demarche recently handed to the Japanese Foreign Office by Sir Robert Clive, British Ambassador, at Tokyo. In addition it was reported that Sir Robert had conducted parleys with representatives of the Japanese Foreign Office, in which he clearly indicated the British views regarding future Anglo-Japanese relations, and during the course of which the Far Eastern situation was reviewed. The conferences, it is stated, took place in a friendly atmosphere.

Great Britain in particular, is not unmindful or indifferent to Japan's peculiar needs and difficulties, but Japan can expect little sympathy and nothing more concrete than sympathy until her much-vaunted altruism in Asia is shown to be something better than a perfunctory disguise, the *London Times* declared Oct. 7. Recent outrages, the journal asserted, have been loudly ascribed in Japan to anti-Japanese sentiment deliberately fomented by the Nanking Government. Official Japanese inquires have, however, not adduced a particle of evidence that these isolated occurrences had any political significance whatever, and Tokyo would be well advised to drop this particular line of attack, which carries little weight with the audience for which it is intended.

The *Shinghai Nippo*, Oct. 12, noting the movements of the British Ambassador Hugessen, commented:—"Due to the gradual collapse of the British interests in China, England has endeavored to effect a menace against the Japanese advance in China. It is understood that the Chinese authorities have been instigated by third parties, among which Soviet Russia is also involved, to adhere to dilatory tactics in dealing with the forthcoming Sino-Japanese negotiations with reference to the substantial Sino-Japanese issues. The actions, which Knatchbull-Hugessen, British Ambassador to China, and Bogomolov, Soviet Ambassador, have recently taken, should have due attention."

Conclusion of negotiations for a British loan to China was reported Oct. 13 by the London correspondent of the Tokyo *Nichi-Nichi*. The loan was stated to involve "several million pounds." The correspondent ascribed the success of the alleged negotiations to the good offices of Sir Frederick Leith-Ross, chief economic adviser to the British Government.

British Treasury to Grant Export Credits to China—Sharp Reaction in Tokyo

The London *Daily Herald's* political correspondent early this week gave the first inkling of the fact that the British Treasury was making important financial arrangements for the benefit of China. The first news was that a loan of £20,000,000 was being advanced to China. Denial was made in London almost immediately that a loan was being made, but Chinese quarters in London stated that the Treasury had agreed in principle to the grant of export credits for several million pounds to China, and this was not denied.

There was a sharp critical reaction in Japan when the news of Britain's action reached there. A Tokyo message said: "Japan would have to take objection to any loan of a political nature which might disturb the stabilization of East Asia and thereby constitute a menace to the existence of Manchukuo."

General Chiang Has Talk With Pro-Japanese Leader

The *Ta Kung Pao* says General Chiang Kai-shek had a lengthy talk with General Huang Fu, former North China leader, in Shanghai on Oct. 10, while on his way to Hangchow. General Huang is still confined in bed at the Country Hospital.

Japanese Spy Suspect Detained in Hongkong

BY THE REVIEW'S HONGKONG CORRESPONDENT

Considerable attention has been drawn to a report that Police made a raid on the Institute of Engineers' and Shipbuilders' Premises on the waterfront in Hongkong last Friday, resulting in the seizure of a Japanese who was caught in the act of taking photographs of Hongkong Harbor. From enquiries made in reliable sources, it is known that this Japanese, who is stated to be a visitor to Hongkong, walked into the Institute premises, which command a fine unobstructed view of the Harbor, including the naval dockyards and commenced taking photographs. When he entered the Institute the place was deserted except for som Chinese employees.

While the Japanese was busy with his camera a member of the Institute, A. Harper, immediately telephoned the Police Headquarters and a squad of police promptly arrived on the scene. With the Japanese the Police subsequently returned to the Police Headquarters, where the camera was seized and a statement was taken from the suspect. The net result of this incident was that while the Japanese was permitted to leave the Police Station his camera and films were confiscated by the Authorities.

Hongkong has been singularly free of spy mania for some years now. It is recalled that several arrests, principally of Japanese, have been made in the past, however. One such incident occurred at Lyemoon Barracks, where a Japanese was arrested on the hillside in the vicinity of the Forts. In his possession was discovered complete sketches of the fortifications which, just before his arrest, he had unsuccessfully attempted to tear up. The use of cameras, even by British subjects, is strictly restricted in Hongkong. Imprisonment with hard labor can be inflicted upon any person, irrespective of nationality, for taking photographs of the Harbor.

A Similar Incident in Canton

Almost immediately following the Police raid at the Institute of Engineers and Shipubilders, a Japanese was caught photographing strategic places around the Bocca Tigris forts on the Canton River. The incident occurred at a place called Tai Ping, which is within striking distance of the forts.

According to the Chinese newspapers of Canton, a student, whose name is not given, was returning home in the afternoon from school, when he observed a suspicious looking Japanese snapping pictures of the fortification and strategic approaches to the forts, which General Chiang Kai-shek recently expressed an intention to strengthen with additional guns ordered from abroad. When the student arrived at the school he spread the news of the foreigner found taking pictures outside the forts, which are known to be prohibited areas of Canton.

The students later notified the Police, who declined to arrest the foreigner for fear of international complications. The disappointed students later referred the incidents to a regimental commander who happened to pass there and heard that peculiar story. He then arrested the alien. Suspicion that the foreigner is a spy is strengthened by the fact that the photograph in his passport does not resemble him and that the name he gave did not correspond to that in the passport. The Canton paper says that this suspect is still under detention pending an investigation into his identity.

Hongkong October 9.

International Dispensary Opens New Building

The International Dispensary of Shanghai opened its new building in Honan Road Oct. 9. The firm was originally established in 1907 as an ordinary Chinese business firm. Among its proprietors was How Zai-fong, who was also the founder of the Commercial Press. At present, the company has under its control five local branches, including the Tai Woo Dispensary and outport branches located at Peiping, Tientsin, Tsinan, Chengchow, Pengpu, Yangchow, Wuhu, Kiukiang, Hankow, Chungking, Hangchow, Nanchang, Amoy and Canton. The company has also more than 100 agencies in China and the South Seas. The Dispensary is under the able direction of Messrs. V. D. Kau and C. C. Lu, the executive directors and L. H. Hong, director and general manager, the last named being the eldest son of the late Hong Soong-mou, who lost his life during the Japanese onslaught on Shanghai in 1932.

Chiang-Kawagoe Interview Prevents Break in Sino-Japanese Relations

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Gen. Chiang Stresses Principle of Non-Aggression in Adjusting Sino-Japanese Relations.**
2. **Ambassador Kawagoe Struck by Gen. Chiang's Sincerity in Effort to Solve Present Crisis.**
3. **Waichiaopu Spokesman Denies Gen. Chiang Agrees to Negotiate Direct With Kawagoe.**
4. **Future Japanese Policies Towards China to Be Based on Kuwashima's Report.**
5. **Kawagoe Alleged by Japanese Paper to Have Presented to Gen. Chiang Six Proposals.**
6. **Chauvinistic Japanese Press Denounced by Noted Japanese Writer.**
7. **Chinese "Leftist" Writers Urge United Front Against Japan.**
8. **China Capable of Putting Her House in Order If Left Alone, Declares Gen. Chiang.**

Generalissimo Chiang Kai-shek, President of the Executive Yuan, received S. Kawagoe, Japanese Ambassador to China, at 10 a.m. Oct. 8 at the residence of Dr. H. H. Kung in Nanking. The conversation was carried on with Kao Chung-wu, Director of the Department of Asiatic Affairs of the Waichiaopu, and Tozo Shimisu, First Secretary of the Japanese Embassy, as interpreters, and lasted till 12 o'clock at noon. Mr. Kawagoe first expressed his opinion on the future of Sino-Japanese relations and their bearing on the general East Asian situation. He stated that in view of the intimate relation existing between China and Japan immediate steps should be taken through mutual help and cooperation to work for the stability of peace in East Asia and for the welfare of the two countries. It is unfortunate, he continued, that during the past few years incidents had happened to cause misunderstanding and misapprehension between the two countries. It was now up to the two parties concerned to do their utmost to remove the obstacles in the path of friendship and to promote cooperation that was mutually beneficial.

In reply, Generalissimo Chiang said that from the standpoint of the general situation in East Asia a fundamental readjustment of relations between the two countries was most essential today. What China desired was primarily a freedom from encroachments upon her territorial integrity and respect for her sovereign rights and administrative integrity. Therefore he maintained that discussions of all the outstanding problems between China and Japan should be based on the principle of absolute equality and mutual respect for each other's sovereign rights as well as territorial and administrative integrity, and believed that such discussions carried on through diplomatic channels in an atmosphere of calm and friendliness would certainly result in a satisfactory readjustment of the relations between the two countries. Speaking with reference to the unfortunate incidents which recently occurred, particularly those in Chengtu, Pakhoi, General Chiang intimated that they would be dealt with in accordance with international usage. Gen. Chiang definitely informed Ambassador Kawagoe that discussed on diplomatic questions were to be continued between the Foreign Minister, Gen. Chang Chun, and the Japanese Ambassador, stating that the views of the Foreign Minister were views of the Chinese Government.

GEN. CHIANG STRESSES PRINCIPLE OF NON—AGGRESSION IN ADJUSTING SINO-JAPANESE RELATIONS

Interviewed by the *Central News Agency* after his conversation, Gen. Chiang gave his impressions as follows:

"Although my conversation with Ambassador Kawagoe today dealt in principle with the future of China and Japan in relation to the general East Asian situation and did not touch upon any concrete problems implied in these conversations, nevertheless the spirit manifested on both sides was founded upon the spirit of equality. I very much appreciate the sincerity and frankness of the Ambassador and found that both his spirit and his attitude were entirely based on the policy enunciated by Premier Hirota in the Japanese Diet last year, namely, to make the utmost effort for a readjustment of Sino-Japanese relations under the principle of non-menace and non-aggression. The spirit manifested by Ambassador Kawagoe encourages the belief that outstanding Sino-Japanese problems may be solved without resorting to measures other than the diplomatic, and that all difficulties can be resolved through regular diplomatic channels on a basis of equality in order to remove all past differences and dispel the threatening clouds on the political horizon."

KAWAGOE STRUCK BY GEN. CHIANG'S SINCERITY IN EFFORT TO SOLVE PRESENT CRISIS

Emerging from the meeting, Mr. Kawagoe told the press that he was "struck by Gen. Chiang's fervor in striving to find a way out of the present crisis, as well as in seeking a general readjustment of Sino-Japanese relations." "The impression I received", he added, "is that we can trust Gen. Chiang's sincerity in his efforts to solve the Sino-Japanese problems. I intend, however, to seek more tangible demonstrations of this sincerity in the acts of the Chinese Government, and also to do my best for the establishment of peace in the Far East, to enable both China and Japan to advance towards their common goal."

WAICHIAOPU DENIES GEN. CHIANG AGREES TO NEGOTIATE DIRECT WITH KAWAGOE

"Neither Gen. Chiang Kai-shek nor Mr. Kawagoe had indicated during their interview on Oct. 8 that any diplomatic questions pending between China and Japan would be dealt with between themselves on broad principles while concrete details would be taken by Mr. Kawagoe with Gen. Chang Chun, Minister of Foreign Affairs," declared a spokesman of the Waichiaopu Oct. 10. This statement was made as an answer to a *Reuters* report, said to be based on the *Yomiuri Shimbun*, purporting to convey the substance of Mr. Kawagoe's report to the Tokyo Foreign Office on his conversation with the Generalissimo. Although Mr. Kawagoe mentioned in passing the subject matter of his negotiations with Gen. Chang Chun, the spokesman stated, Gen. Chiang significantly offered no comment thereon. Gen. Chiang only remarked, according to the spokesman, that any question based on equality and reciprocity could be amicably discussed, provided that in such discussion China's sovereignty and territorial and administrative integrity be strictly respected. The spokesman recalled that throughout their conversation Gen. Chiang discussed in a very general way the situation in East Asia and relations between China and Japan, and as far as concrete problems were concerned, the Generalissimo did not express any opinion but referred the Japanese Ambassador to the Minister of Foreign Affairs for negotiation. Mr. Kawagoe, the spokesman continued, was apprised by Gen. Chiang that he had instructed Gen. Chang Chun to present China's views for discussion by way of readjusting Sino-Japanese relations.

SUMA AND KAO FAIL TO AGREE ON BASIS OF RESUMING NEGOTIATIONS

Yakichiro Suma, Japanese Consul-General at Nanking, and Kao Tsung-wu, Director of the Waichiaopu's Asiatic Affairs Department, failed Oct. 13 to find a mutually acceptable basis for the resumption of formal negotiations for a readjustment of Sino-Japanese relations, according to *Domei*. The interview, which lasted for 2½ hours, was held at Mr. Suma's official residence. The officials' failure to come to an agreement would prevent the appointment of a definite date for a meeting between Ambassador Kawagoe and Gen. Chang Chun, Foreign Minister. Meanwhile, the conversations between Mr. Suma and Mr. Kao would be continued.

FUTURE JAPANESE POLICIES TO BE BASED ON KUWASHIMA'S REPORT

Mr. Kuwashima, Director of the East Asiatic Affairs Bureau of the Foreign Office, submitted his report to

Mr. Arita, Minister for Foreign Affairs, regarding the result of his recent visit to Nanking, upon his arrival at Tokyo Oct. 13. The War, Navy and Foreign Ministries will hold a conference very shortly to define future Japanese policies in China on the basis of Mr. Kuwashima's report. In this connexion, reports are current that the Foreign Office is exploring safety measures to prevent the possible intervention of any third party in formal Sino-Japanese negotiations and also proposes to draw the attention of the Nanking Government to this plan. At a Cabinet meeting Oct. 13, Mr. Arita, General Count Terauchi, the War Minister, and Admiral Nagano, the Navy Minister, held a conference at which they exchanged views regarding the Chinese situation, the recent incidents on the Manchoukuo border and the situation in Europe.

The Sino-Japanese negotiations have been saved from collapse as a result of the meeting between the Japanese Ambassador, Mr. Kawagoe, and General Chiang Kai-shek, of but the situation does not justify undue optimism. This appears to sum up opinion in Foreign Office circles in Tokyo following receipt of Mr. Kawagoe's report on the meeting.

KAWAGOE ALLEGED TO HAVE PRESENTED TO GEN. CHIANG SIX PROPOSALS

The "*Yomiuri Shimbun*" states that Mr. Kawagoe's report to the Foreign Office shows that he explained in detail to General Chiang six Japanese proposals:—

1. The establishment of the principle of joint Sino-Japanese defence against Red invasion by a "third country."
2. The Nanking Government should allow more liberal self-governing rights in the five North China provinces in view of the special nature of the situation there.
3. The Nanking Government should sincerely control anti-Japanese activities.
4. The Nanking Government should revise the high tariff rates against Japanese goods.
5. Completion of Sino-Japanese traffic connections, including the Shanghai-Fukuoka airline.
6. Employment of Japanese advisors in all departments of the Nanking Government.

HUPEH AUTHORITIES OFFER REWARDS FOR ARREST OF BOMB-TOSSER

Determined to probe into the mystery surrounding the "bomb" incident of Oct. 8 in the Shimeido Drug Store in Hankow, a reward of $3,000 has been offered jointly by the Hupeh Pacification Commissioner's Headquarters and the Hupeh Provincial Government for the arrest of the culprit. Simultaneous with the announcement of the reward, the two said organs have also instructed the Hankow Bureau of Public Safety to redouble its efforts in apprehending the order-disturber. Meanwhile another reward of $5,000 has also been offered by the same two official organs for the arrest of the murderer of Niwajiro Yoshioka, Japanese constable, who was killed at 11.30 o'clock on the morning of Sept. 19 in the Japanese Concession.

JAPANESE NATIONALS IN UPPER YANGTSZE PORTS ARE EVACUATING

Japanese nationals in the upper and middle river ports on the Yangtze are gradually and quietly evacuating, according to information received in Hankow. In Hankow, large numbers of Chinese have evacuated the Japanese Concession, carrying their household goods in rickshaws, lorries, and on foot.

CHAUVINISTIC JAPANESE PRESS DENOUNCED BY NOTED JAPANESE WRITER

Japanese press have gone so far in chauvinistic propaganda nowadays that not only they do not serve as a useful instrument of diplomacy in its broadest sense but are actually spoiling any chance for a general rapprochement with foreign countries, declared Kanzan Ishihaishi, chief editor of the *Keizai Hsingpo*, in a vigorous article appearing in the *Chugai* Oct. 12. Mr. Ishihaishi accused the Japanese press in general of not having the least intention in maintaining world peace, and said that they are so deeply steeped in chauvinism that they may be properly labelled "organs of bureaucratic diplomacy." Mr. Ishihaishi particularly deplored the gross negligence of the Japanese papers to thte joint manifestoes rcently issued by Chinese papers in Nanking, Shanghai, Hankow and elsewhere. While it is hoped that the Chinese press will refrain from publising anti-Japanese reports, the Japanese papers should take care not to make any malicious comments on China. The writer, continuing, was deeply anxious of the future of Siino-Japanese relations, stating that the danger of the "Twenty One Demands" will likely repeat itself should Japanese tactics betray clumsiness. In such a case, Ishihaishi predicted, an immense misfortune will fall on Japan rather than China. Ishihhaishi also critized the speech of Mr. Arita, the Foreign Minister, on Sept. 28 last. "Mr. Arita said China was standing in a crossroad," he said, "but the was too short sighted to see that Japan herself was in the same plight.."

CHINA "LEFTIST" WRITERS URGE UNITED FRONT AGAINST JAPAN

A manifesto signed by 21 well-known Chinese literateurs, with Li Sin (Lu Hsun), most famous of China's "left" writers, at the head, has been issued on the subject of China's national crisis.

"Japanese imperialism theatens our fatherland with extinction," declares the manifesto, "but yet the various authorities have shown no disposition to unite and fight against the enemy. On behalf of the whole people we demand of the authorities to take steps to end the smuggling of Japanese goods into this country, to give support to the anti-Japanese volunteers fighting in the Northeast, to issue orders to the Hopei-Chahar authorities to preserve China's sovereignty ni the North, and finally to make no further concessions in connection with the Chengtu and Pakhoi incidents. It is to be hoped that the people will participate in the preventive work of the government against smuggling and that they will carry on all their patriotic activities. "We are literateurs and we appeal to all other literateurs, no matter of what tendency, unite and fight the enemy. Life is many-sided. Different writers may represent different social groups, different tastes or styles. They may belong to the 'Lift' or the 'Right'. But they have one thing in common: all are Chinese and are unwilling to see their country enslaved by the enemy. Therefore, regardless of the motives with which they rise up to fight Japan, the blow to Japanese imperialism will be just as effective We hope that all anti-Japanese forces will unite. We must rouse the people to patriotic enthusiasm by partiotic literature, the literature of national salvaion."

"WE SHOULD EMULATE EXAMPLE OF OUR REVOLUTIONARY LEADERS" SAYS GEN. SUNG

"The most appropriate way to celebrate our Independence Day is for everyone of us to pledge ourselves to emulate the example of our revolutionary leaders in spirit as well as in deed." This is the gist of a message issued by Gen. Sung Chen-yuan, chairman of the Hopei-Chahar Political Council, in commemoration of the Silver Jubilee of the Chinese Republic. "It is imperative that each one of us know our own responsibility, be true revolutionary disciples and work incessantly and whole-heartedly for the welfare of our nation and people."

For the promotion of the "autonomy" movement in North China, a number of organization hav recently spring up, including the "Pu An Association," the "Hua Pei Tze Association," the "Great Asiatic League," the "Far Eastern Association," and others. Together with traitors, members of these associations are planning to stage serious disturbances in Tientsin when fighting starts in East Suiyuan.

LI SHIH-HAO, APPOINTED CHAIRMAN OF HOPEI—CHAHAR ECONOMIC BODY

The Hopei and Chahar Political Council announces Oct. 13, the resignation of Wang Keh-min from the chairmanship of the Economic Commission of the Council and the appointment of Li Shih-hao to the post. Shortly after his arrival in Peiping Oct. 12, Mr. Li called on General Sung Cheh-yuan, chairman of the Council, and had an intervie with him. Mr. Li is leaving for Tientsin shortly to see Lieutenant-General Tashiro, commander of the Japanese forces in North China, and other Japanese officers. Mr. Li, a native of Ningpo, was Minister of Finance in the Anfu Government from 1918 to 1920. He also held this post in 1924, when Marshal Tuan Chi-jui returned to Peiping as head of the Provisional Government. Since 1928 he has been Manager of the Ta Chung Bank in Shanghai. Mr. Li's appointment coincides with the Council's order to the Economic Commission to take over the Lungyen iron mines and iron works, West of Peiping, which commenced operation during the Nishihara loan period but which have been idle for many years. The mines and works will be resumed as Sino-Japanese enterprises.

"MANCHUKUO" TROOPS ONLY 10 MILES FROM SUIYUAN BORDER, INVASION FEARED

Irregulars and "Manchukuo" troops under Li Shouhsin are now only about 10 miles away from the border of Suiyuan, according to *Central News*. The troops under General Fu Tso-yi, Chairman of Suiyuan, are now keeping a careful watch over the frontier and are determined to resist the invading forces.

It is confirmed in official circles that the Charhar bandits under Wing Ying invaded Hingho (Erhtaokow), eastern Suiyaun, on the 5th inst. but were promptly repulsed by the Army of the Suiyuan Provincial Government. In addition to the Suiyuan troops under General Fu Tso-I and the Mongolian units, General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters, has rushed a portion of the Shansi troops to estern Suiyuan to strengthen the defence. In western Suiyuan, the Suiyuan troops have taken precautionary measures around the aerodrome being erected by the Japanese military dspite Chinese protests.

Batches of "Manchukuo" troops, composed of White Russians and Mongols, were reported in a telephone message from Kupeikow to have mutinied in suothern Jehol adjoining Hopei. The mutineers, the message adds, are now pushing estwand toward Chaoyang, in southerstern Jehol about 230 kilometers from Chengteh, capital city of Jehol.

Constituting a threat to the safety of Suiyuan province, an aerodrome is being constructed by "a certain country" in the Alashan Banner in eastern Chahar.

IMPORTANCE ATTACHED TO NANKING VISIT OF CHANG CHIA LIVING BUDDHA

Considerable significance is attached to the present visit in Nanking of Chang Chia Hu-Tu-Keh-Tu, the "Living Buddha" of Mongolia, who arrived at thhe capital from Shansi, Oct. 11. The Mongolian dignitary comes to Nanking on the summon of Gen. Chiang Kai-shek to personally report on the present conditions of the various Mongolian Banners and Leagues. His vitis is viewed by official circles as indicating the determination of the Generalissimo to readjust the administration of the various Mongolian tribes.

The Changchia Hu-tu-ke-tu had an interview with Dr. Wong Wen-hao, Secretary General of the Executive Yuan, Oct. 13 when the present situation in Inner Mongolia was discussed.

CHINGHAI PROVINCES DESPITE DIFFICULTIES, SAYS CHAIRMAN MA LING

Despite financial difficulties progress has been made both in highway construction and in the promotion of education in Chinghai, according to Gen. Ma Ling, Chairman of Chinghai, who arrived at Nanking from Shanghai on Oct. 12, by plane, in an interview with the *Central News Agency*. To promote mass education, the porvincial government has decided to appropriate more funds for this purpose in addition to the $70,000 alloted by the Central Government, Gen. Ma indicated. Satisfactory result, the Chinghai Chairman said, have been made along the line of mass education, the aim of which is to educate the Mohammedans in Chinese culture. Inland transportation of the province has been greatly facilitated since the completion of a number of highways recently. Turning to the financial condition of Chinghai, Gen. Ma said, the annual receipts of the provincial treasury amount to only about $1,200,000 while its annual expenditures are as much as $2,100,000 He expressed the hope that the Central Government will grant subsidies to the provincial government so as to make both endsmeet. Gen. Ma will interview Gen. Chiang Kai-shek and report to him on the present situation in Changhai and receive intructions concerning the administration of the province.

Fulfilling a lifelong ambition, General Ma Ling, Chairman of the Chinghai Provincial Government and recognized leader of the Mohammedans in Kansu, Chinghai and Sinkiang Provinces, is shortly going to Turkey on a holy pilgrimage. General Ma, although 65 years old, is still an expert horseman and sharp-shooter.

CHINA CAPABLE OF SETTING HER HOUSE IN ORDER, DECLARS GEN. CHIANG

"China is capable of doing great deeds by her own efforts, capable of wiping out destructive forces of militarism, capable of undertaking constructive measures for the welfare of her people, in short, capable of setting her own house in order—provided that she's given the chance to work out her destiny uninterrupted and unembarrased." This is the message of Gen. Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Commission, issued in commemoration of the 25th anniversary of the founding of the Chinese Republic, on the eve of "Double Tenth." "This chance we want and this chance we must have," the Generalissimo declared. "To give China an opportunity for internal development is not only to render her indirect friendly assistance but also to advance the cause of world peace; because with her peace-loving millions and her unlimited resources China, once prosperous and strong, will be one of the greatest stabilizing influences in the family of nations." Choosing "China's Unification and Reconstruction" as the theme of his National Day greetings, Gen. Chiang calls the attention of all foreign friends to the fact that "China today is no longer the disunited country of the past years." At present, he added, Communism is no more a real meance to China. Outlining the rapid strides achieved by the Government in various fields of endeavors, Gen. Chiang emphasized that "against great odds China is forging ahead in the execution of her program of national reconstruction." "Nor is it in economic reconstruction alone that China has made progress," he reminds his readers. "Great efforts are also being made to improve the efficiency of public administration, promote public health, enforce compulsory education and to bring about financial reforms."

The message reads in part as follows:

"The first point to which I call attention of all foreign friends is that China today is no longer a disunited country of the past years. For more than half a century before the founding of the Republic in 1912 there has been a a steady weakening of the Central authorities and a tendency toward provincial autonomy. This tendency for to defy the Central Government's control was accompanied by the rise to power of militarists, whose selfish ambitions had repeatedly led to conflict with rivals or the government forces, resulting in misery and disaster. In 1927 when the National Government was just established in Nanking, how much unrest indeed existed in the different parts of the country! Then came Communism and with it came greater havoc and desolation, more suffering and damage. Fully realizing that China can make no real progress with its program of national reconstruction until peace was established throughout the country, the National Government of China, has since its inauguration endeavored to remove all obstacles to unity and order. In 1933 Kiangsi, the stronghold of the Red army, was retaken and gradually Hunan, Hupeh, Szechwan and Kweichow were also cleared of Communist-bandits or militarists. At present Communism is no longer a real menace to China. Unity and orderly administration through the suppression of Communist-banditry and the Fukien revolt are today further enhanced by bringing into fold the Liang-Kwang provinces which until very recently had claimed semi-independence."

"The second point I like to emphasize is that against great odds China is forging ahead in the execution of her program of national reconstruction. To lighten the burden of the farmers, the Government promulgated in 1934 mandates, abrogating burdensome taxes and obnoxious levies. More than 5,000 categories of such taxes have been abrogated, amounting to some $50,000,000 a year. In recent years the National Government has applied huge sums of money to water conservancy and to the repair and building of dykes and dams. A total of $35,350,000 was spent in 1935 on conservancy projects alone.Co-operative enterprises have been promoted, the total number reaching 26,224, of which 12,517 were established in 1935 alone. The Ministry of Industries had added to its departments a new one of co-operatives. It also has very recently established an agricultural credit bureau with an authorized capital of $60,000,000. In the field of communications progress can be shown by a few statistical date. The mileage of railways has increased from less than 8,000 kilometers in 1925 to approximately 13,000 today; motor roads already open to traffic measure 96,345 kilometers and those now under construction 16,040 kilometers. Air routes ten years ago were unhead of in China; today airplanes fly regularly from Shanghai to Hankow, Chengtu, Peiping, Canton and even to Sinkiang. Great efforts are also being made to improve the efficiency of public administration, to promote public health, to enforce compulsory education, to bring about financial reforms.

China's present unification is the most important foundation of her national reconstruction, her recovery of lost rights and her national rejuvenation. China's

(*Continued on page 243*)

United China Celebrates Twenty-Fifth Anniversary of Foundation of Republic

Depite the tension with Japan, the Double Ten celebrations marking the twenty-fifth anniversary of the birth of the Chinese Republic were held throughout the whole country and without incident Oct. 10. The entire nation from Kiangsu to Szechwan and from Hopei to Yunnan was dedecked with National and Party flags, the day being observed as a general holiday.

Envoys from 17 foreign Powers participated in the official reception of the National Government at Nanking Oct. 10. The official reception was preceded by a celebration meeting held at the Sun Yat-sen Mausoleum, attended by all high Chinese Government, Party and military leaders, with Lin Sen, chairman of the National Government, presiding. More than 1,000 officials, both civil and military, were present. Later in the evening Gen. Chang Chun, Minister of Foreign Affairs, and Madame Chang were hosts at a ball held in the auditorium of the Waichiaopu building. A lantern parade was held at night and the inevitable fire-crackers were heard all day.

In Peiping the chief features of the official celebrations were a military review and a reception by General Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council. The review was held at the Nanyuan airdrome, 20,000 men of the 29th Army, famous for its defence of Hsifengkow which held up the Japanese army on the Great Wall for three weeks in 1933, participating. The galleries behind the reviewing stand were occupied by over 1,000 guests invited by General Sung, who himself inspected the men and took the salute when the men marched past. Representatives of all Embassies and Legations in Peiping, military attaches and officers from the various Embassy guards, including a number of Japanese officers, were present.

General Wu Te-chen, Mayor of Greater Shanghai, delivered an address at the Civic Center in Shanghai to a crowded meeting. General Wu said that despite the fact that the Republic is only 25 years of age, and despite numerous dangers and difficulties, it has survived till to-day. "For this, we must thank Heaven; and at same time we must not forget the sacrifices which the entire people have made either directly or indirectly in the past 25 years for national reconstruction, especially that made by Revolutionary Martyrs," General Wu said.

In Berlin the Chinese students celebrated the Double Ten anniversary by joining the German Geographical Society in a function at the House of the Nations under the patronage of the Chinese Ambassador, Dr. Cheng Tien-fang. The speech of welcome to the Chinese was made by General Faupel, president of the German Geographical Society.

More than ten thousand boy scouts and girl guides coming from all parts of China stood at attention at 6. a.m. in the beautiful valley below the Sun Yat-sen Mausoleum when three cannon shots formally inaugurated the jamboree. Gen. Ho Ying-chin spoke into the microphone as the day's leading speaker. Thirteen boy scouts from Yunnan travelled farthest to Nanking. They came via Annam and Hongkong and it took them more than two weeks to get here. The province of Hopei was conspicuous by its absence. Special conditions in North China are said to have prevented more than 500 youths from coming. Peiping was not represented for the same reason. A small company of fifteen persons from Peiping, participated in the jamboree in the name of their schools, since they are not allowed to represent their city.

A review of the scouts was then held by Lieut.-General Kwei Yung-ching on behalf of General Chiang Kai-shek. In the afternoon, an anti-air demonstration and other exercises were held. Several squadrons of China's new bombers flying in formation of nines hovered over the valley below the Purple Gold Mountain to give the 10,000 boy scouts and girl scouts

A special issue of four stamps commemorating the 40th anniversary of the establishment of the Chinese Post Office was placed on sale Oct. 10. Scenes depicted on the stamps are as follows: Upper left, Ministry of Communications Building; Upper right, Shanghai District Head Post Office; Lower left, steamer docked at wharf; Lower right, progress in communications.

12,000 Troops Take Part in Military Review in Canton

Twelve thousand troops, including infantry, garrison, machine-gun, tank, marine, aviation and artillery units, participated in a grand military review held at Yentang, near Canton, Oct. 10, in commemoration of the Silver Jubilee of the Chinese Republic.

Boy's Scout Jamboree Prominent Feature of Celebrations

The National Boy Scouts' Jamboree was formally opened in Nanking Oct. 8. The ceremony was presided over by General Ho Ying-chin, Minister of War and Vice Chairman of the National Boy Scouts' Association, and attended by numerous officials, including Dr. Wang Shih-chieh, Minister of Education and Chairman of the Board of Directors of the National Boy Scouts' Association, Chen Li-fu, member of the Standing Committee of the C.E.C., and Lieut.-General Kwei Yung-ching, personal representative of General Chiang Kai-shek, President of the Military Affairs Commission, and Chairman of the National Boy Scouts' Association.

Over 10,000 boy scouts from all parts of the country were present, representing 22 provinces and municipalities including Kiangsu, Chekiang, Anhwei, Kwangtung, Kiangsi, Fukien, Honan, Hunan, Shensi, Shansi, Yunnan, Suiyuan, Kweichow, Kansu, Charhar, Nanking, Shanghai, Tientsin, Hankow, Tsingtao, Kiangning and Fenghua.

Dr. Wang Shih-chieh in a speech stated that the aim of the Boy Scout Movement is to promote the physical, mental and moral development of youths.

an idea of modern air warfare. Smoke screens were thrown around the flying planes and salvoes of anti-aircraft guns echoed and reechoed throughout the valley. In the evening the scouts were taught how to act in case of air attacks.

Another review of the scouts was held Oct 9 by General Ho Ying-chin, Minister of War and Vice-Chairman of the National Boy Scouts' Association, who delivered a stirring address in which he pointed out the dangers confronting China to-day.

Large quantities of prizes were awarded to the troops excelling in different feats and performances. Lin Sen, Chairman of the National Government, gave 399 pictures of his own for distribution among the various troops. The jamboree, which surpassed the previous one in all respects, came to a close on Oct. 11.

Changsha Holds Athletic Meet

Simultaneous with the celebration of the silver jubilee of the Republic, 654 athletes from Hupeh, Hunan, Kiangsi and Anhwei took part in the sixth Central China Track and Field meet at the Public Recreation Ground in Changsha Oct. 10.

Japanese Withdraw Demands—"Suggestions" to Follow

The *Hwa Mei Wan Pao* Oct 11 stated that as a result of the changed conditions following the Chiang-Kawagoe interview, the Japanese government had decided the withdraw four demands previously presented to the Chinese authorities. It was indicat-

ed that certain "suggestions" would follow. The Chinese counter-demands were reported to be: Abolition of the Shanghai and Tangku Truces; suppression of the smuggling in North China; abolition of the puppet Eastern Hopei Regime; immediate cessation of the flight of Japanese planes in North China; and cessation of Japanese intervention or participation in the trouble created by bandits in Suiyuan.

Chinese Press Stresses Point That Country Is Now United

The Chinese newspapers generally stressed the fact that the country was now united. The *Tah Kung Pao* said that should the stronger power, with whom China is at present dealing, continue to resort to her aggressive designs on China, the 400 million Chinese people will be forced to throw in their last ounce of energy for the sacrifice of the country and fight to the bitter end. Contrary to the tone of the *Ta Kung Pao*, a pessimistic note was struck by the *Central China Daily News*, which remarked that the country is passing through the gravest period in its history. *Central News* stated that reports from all key cities of the nation reflected in a great measure tones of genuine gratitude over the newly achieved national unification at this auspicious moment, due to the untiring efforts of Generalissimo Chiang Kai-shek.

The *China Times* in an editorial Oct. 13 commented that when Sino-Japanese negotiations are about to be resumed, the preparations for an attack on East Suiyuan, the patrolling of Chinese territory in Chapei by Japanese marines, and the establishment of Japanese police station in Fengtai are obstacles to a smooth solution of Sino-Japanese relations. This prominent paper pointed out that while the Japanese are talking of readjustment, they pressing on with aggression in another direction.

"Mainichi" Denies Demand Made for Stationing Troops in Yangtsze Valley

In an editorial Oct. 12 the *Shanghai Mainichi* indignantly denied current rumors that the Japanese government has demanded the right to station troops in the Yangtsze valley.

Japanese Say Chinese Paoantui of Greater Shanghai Has Been Extended

It was reported by the *Shanghai Mainichi* Oct. 12 that the Chinese Paoantui of the Greater Shanghai Municipality has recently been greatly extended and consolidated with a view to the making of full paeparations for dealing with any unexpected situation which might occur due to the high tension prevailing in Shanghai with regard to Sino-Japanese disputes.

Nanking Government Purchases 1,500 American Military Trucks

The *Shanghai Nippo*, Oct. 8 reported that on the eve of the Sino-Japanese negotiations reopening, the Nanking Government purchased 1,500 military trucks from the American General Motors Company. The Branch Office of the said Company conveyed eight hundred of the trucks to Nanking Oct. 7, it was stated. The *Nippo* commented that this is a remarkable revelation of the attitude of the Nanking Government towards Japan.

Warships of Five Foreign Nations Concentrate in Shanghai Harbor

With the arrival of three Japanese cruisers in Shanghai Oct. 11, the total number of foreign warships in the Shanghai harbor reached 21, as follows:—Japanese: *Nagara, Sentai, Juitsui, Idzumo, Fumitsuki, Nagatsuki, Satsuki, Shibokaze* and *Shimakaze*. Four American:—*Augusta, Asheville, Isabel* and *Guam*. Three British:—*Kent, Bee and Goat*. Four French:—*Amiral Charner, Francis Garnier, Lamotte Picquet* and *Tahure*. One Italian:—*Lepanto*. The above list was augmented end of the week by the arrival of the British aircraft carrier *Hermes* and 9 U.S. destroyers from North China.

Japanese Troops Quietly "Occupy" Tangku Salt Fields

Gravest apprehension now prevails (according to *Central News*) among Chinese salt producers in the Tangku area as four sand banks in the region have virtually been transformed into a Japanese military camp. It is reported that wooden landmarks, with the Chinese characters "Japanese Army Camp" inscribed thereon, have been erected around the Natatan, Peitatan, Lihai and Waihai salt fields in Tangku. The salt producers' concern, it is stated, has been further felt by an announcement that the Japanese intend to buy over the huge plot of land, on which they will construct military barracks. If billets are established there, it is feared, the salt ditches leading to the sea will be blocked and the salt producers will be deprived of their livelihood.

Waichiaopu to Protest Alleged Occupation by Japanese of Tangku Salt Banks

The Ministry of Finance has requested the Ministry of Foreign Affairs to lodge a protest with the Japanese Embassy against the alleged Japanese occupation, for military purposes, of the salt banks in Tangku, the *Central News Agency* learned Oct. 10.

British Co-operation Sought in New Tientsin Power Project

British interests, particularly the Kailan Mining Administration, have been invited by the Hsing Chung Kungssu, North China subsidiary of the South Manchuria Railway Co., to co-operate in the development of the Tientsin Electricity Co., Sino-Japanese firm capitalized at $8,000,000, it was revealed in Tokyo, Oct. 11. The bid was extended last week by Shinji Sogoh, president of the Hsing Chung Co., to G. B. Sansom, commercial secretary to the British Embassy The latter is understood to have taken the matter under advisement pending consultations with London and the Kailan Mining Administration. *Domei* stated that the disclosure of Mr. Sogoh's action created a widespread sensation in financial and diplomatic circles, as it was generally undestood that he would not have made the proposal without the full approval of the Tokyo Foreign Office and of the Army.

Peiping Body Formed to Exploit Resources

Creation of an "Inner Cabinet" within the Hopei-Chahar Political Council to be entrusted mainly with the task of directing the execution of the plan for Sino-Japanese economic exploitation of North China formulated recently by Gen. Sung Cheh-yuan, Chairman of the Council, and Lieut.-Gen. Kanichiro, Commander of the Japanese Garrison in Tientsin, was decided on Oct. 7 by members of the Council, a *Domei* message from Peiping Oct. 7 stated.

Hopei-Chahar Political Council to Revert to Standing Committee System

The Hopei-Chahar Political Council will shortly revert to the standing committee system, according to reports from Chinese sources. This was decided upon at a conference held at the residence of General Sung Cheh-yuan Oct. 6 and attended by General Chin Teh-chun, General Liu Ju-ming and others. The standing committee will consist of five members with General Sung as Chairman.

In order to achieve successful results in the present Sino-Japanese economic co-operation in North China, efforts will be made to accelerate the completion of the communication net in the North, according to the Japanese Consul General in an interview given to newspapermen in Tientsin Oct. 6.

The Lungyen Coal Mines, which had suspended operations for the last ten years, have been taken over by the Hopei and Chahar Political Council and converted into a state enterprise.

Japan Buys Large Quantities of Chinese Cotton in Hupeh

Large quantities of cotton are being purchased by Japanese firms in Hankow throughout Hupeh, which is ranked as the second largest cotton-producing province in China for the current year, states the *Hankow Herald*.

Big Increase Seen in Sino-Japanese Trade

According to a report issued by the Shanghai agent of the N.K.K. Line, trade between China and Japan broke all former records in the month of September.

Chinese mills in Shanghai, Wusih and Sian have placed many orders with the Japanese Motor Spinning Machine Company for spinning machinery. During the past three weeks these orders amounted to $350,000, the *Shanghai Mainichi*, of Oct. 13. stated.

Japanese Occupy Chinese Court Property in Tangku

Houses in Tangku belonging to the Hopei High Court were occupied by the Japanese troops Oct. 8, a Tientsin message to the *Shun Pao*, Oct. 10, stated.

Sung Cheh-yuan Confers with Hsiao Chen-ying

Gen. Sung Cheh-yuan motored to the Summer Palace Oct. 8 and was closeted with Gen. Hsiao Chen-ying, former Mayor of Tientsin, for two hours, from 6 to 8 p.m.

Japanese Consular Police to Establish Office at Fengtai?

All rumors now in circulation in Peiping and Tientsin are absolutely without foundation, as everything has been quiet in the North since the settlement of the recent Fengtai incident, declared Col. Imai, Japanese Military Attache, in a press interview in Peiping, Oct. 9. Col. Imai pleaded ignorance as to whether the Japanese Consular Police authorities will establish an office at Fengtai.

Belgian Interests in Yao Hua Glass Factory Sold to Japanese

Central News says a part of the stock of the Yao Hua Glass Factory at Chinwangtao, owned by Belgian interests, has been sold to Japanese merchants.

Further Japanese Army Maneuvers to Be Held in North China

The autumn manuevers of the Japanese troops in North China will be started on October 25. The Japanese troops stationed at Fengtai, numbering 430, will proceed to Lukowchia to participate in the manuevers. These maneuvers follow upon the heel of general maneuvers which were concluded end of last week. This series of maneuvers will be staged by the "Strategic Section" of the Garrison Forces.

Tokyo Cushions Its North China Demands With Claims in the Yangtsze Valley

BY C. Y. HSIEH (謝志秬)

AS the excitement which came with the recent series of "incidents" has gradually subsided and negotiations in Nanking have assumed a more sober aspect, it is possible to assess the Sino-Japanese situation in its proper perspective. The thing which stands out most clearly during these anxious and uncertain weeks is paradoxically the extreme elasticity of Japanese demands or requirements, despite the repeated official declarations by the Tokyo Government that they constitute its final stand. One day they were given as irreducible and categorical, to be answered by a definite and immediate "yes" or "no": another day they seemed to allow more room for consideration and longer time for negotiations; and now it is reported that they are no more than suggestions, even to be withdrawn if found unacceptable. Yet this elasticity must not be taken to mean reasonableness or willingness to give as well as to take. Rather it signifies a very shrewd and opportunist way to drive home a bargain, if China's one-sided concession wrung by threat of force can be so called. For Japan her course is clear and her purpose is set, although some amount of meandering may be required to achieve the desired goal.

"ANTI"

Governor Chen Kuo-fu, Governor of Kiangsu Province, was credited in an article published in the *Shanghai Mainichi* on Sept. 25 as a leader of an influential group in the Government who is opposed to granting futher concessions prejudicial to the welfare of China. Mr. Chen was recently honored by his fellow officials and the public in the Kiangsu capital on the occasion of the third anniversary in office. He is a native of Wuhsing, Chekiang and received his education in the schools of Chekiang and at the Military Middle School in Nanking.

It is this shrewdness that prompted Tokyo to press at one of the Chang - Kawagoe meetings far - reaching demands concerning the Yangtze valley as well as North China. In doing so Tokyo could not expect any success of course. But it would serve a two-fold purpose to its advantage, if the interested parties fail to see its real motive. The purpose is to secure Nanking's acceptance of, and to estop foreign—especially British—opposition to Japanese demands in North China.

Japanese framers of those preposterous demands affecting the Yangtze valley were obviously acting on the theory that the best way to break down a man's resistance is to put him under some apparent obligation. By presenting demands which could never be accepted, the Japanese Government purposed to make of their rejection a great show of Japan's concession to the end that Nanking should not turn down any of its demands in North China or assume the responsibility for a break. Such a shifting of responsibility is all the more necessary to prepare what illusory public opinion remains in Japan for eventualities, should the worst come.

An Effective Estoppel

Another calculation of the framers of these demands is an effective estoppel on probable opposition by any other foreign Power to Japan's news inroads in North China. It must be their reasoning that if Great Britain and other Powers raised loud protests over Japanese designs in the Yangtze valley, these countries should be decent enough to be silent on what Japan has to dictate in North China. While Tokyo has not abandoned its mental reservations on a British sphere of influence south of the Yellow River, it expects that the other Powers would not demur to one exclusively its own north of it. To bring Great Britain and any other Power to a quiescent mood, the most effective means is obviously to carry the diplomatic battle into their sphere and then to retreat with or without a pledge of good behavior on their part.

If the Japanese found it necessary to cushion their demands concerning North China with new claims in the Yangtze valley and to press them at Nanking, it was because things have reached a pass in the north where further concessions on the part of local authorities would mean their undoing. To General Sung Cheh-yuan the issue has for sometime narrowed down to a choice between Japanese approval and the support of his own army. This issue had a dramatic climax in the Fengtai affair in which the Japanese garriosn and General Sung's 29th Army faced each other and nearly came to grips over a right-of-way dispute. Although the episode was closed in a rather humiliating manner for the Chinese, the 29th Army was by no means cowed. In its forced retreat discerning eyes could not fail to see the mood of a restive and desperate animal fighting with its back to the wall. Nor is this grim determination confined to General Sung's set-up in Hopei and Chahar but it might be regarded as general in North China, inasmuch as General Fu Tso-yi had also made no secret of his decision to defend east Suiyuan, now another "hot" spot, at all costs. Here lies the explanation perhaps why when Mr. Kawagoe made his recent trip to the north, his military compatriots there had seen their way clear to giving him a chance to temper their fortissimo with his pianissimo in the characteristic duet of Japanese diplomacy.

"PRO"

Gen. Huang Fu, who is credited with a wide acquaintanceship with prominent Japanese, particularly military men, is frequently mentioned in the Japanese newspapers as one of Japan's outstanding friends and advocates of cooperation with Japan. Gen. Huang, who is now ill in a Shanghai hospital, is a native of Hangchow, Chekiang, and received his education in his native province and at the Chun Wu Academy, Tokyo and Military Survey Academy of Japan.

In this light is to be understood the recent lull on the northern front. Not that the danger is over, but a temporary respite is in order while the Japanese Ambassador steps into the breach where the military have hesitated to rush in. After all, arbitrament by arms is far more costly than diplomacy seconded by

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Soviets Watch Sino-Japanese Crisis; Increase Siberian Defences

BY THE REVIEW'S HARBIN CORRESPONDENT

"WATCH and see; bring more troops" seems to be the motto of the influential Soviet circles in Harbin with regard to the present tense situation in Sino-Japanese relations. This seems to be also the watchword of the authorities and the public in the U.S.S.R. as well, for according to testimonies of trans-Siberian passengers arriving every week at Harbin from Manchuli the Soviets keep on sending military supplies to Bluecher's army all the time despite the calm prevailing lately in Soviet-Japanese relations. They state that travelling by the trans-Siberian express has become a bit stricter of late as there are now places where passengers are not allowed to look out of windows, apparently to prevent them from peeping into Soviet military establishments on the railway. However, despite these precautions, some passengers could observe extensive airfields, for instance, one near Omsk, the other near Chita, where scores of planes were parked in the open apparently in the absence of hangars to shelter them all.

It seems to be the general opinion amongst the Soviets in Harbin that should the present Sino-Japanese negotiations result in a rupture and be followed by a Japanese armed demonstration either on the Yangtsze or on the seacoast it would be difficult to localize the action, since, it is believed, the Chinese driven to desperation might offer a stubborn resistance not only in the area affected by the said demonstration but also all over China, throwing the entire country into a state of chaos. What the Soviet circles do earnestly wish is that the Chinese would show their mettle and thoroughly trounce the Japanese keeping up the fight at least for six months, as the Abyssinians did, when Japan, what with the collapse of her economic structure and with the threat of war on her by other countries, would have to seek "an honorable wayout" from the impasse of her own creating.

As the Soviets View the Situation

The Soviet circles appear not to entertain the idea of the complete defeat of China by Japan. They surmise that granting the complete defeat of Chinese armed forces it would be absolutely impossible to bring about peace and order in conquered territories at least for several years so that the Japanese would not be able to gather fruits of their conquest as easily as some of their militarists imagine. Since the consolidation of Japanese conquest over a considerable part of China would mean a direct menace to the Soviets, these circles believe that sooner or later the Red Army would have to take some "drastic action" of self-defence by a mighty blow struck on the right spot and at a right time.

However, no one in Harbin seriously entertains the idea that the Japanese wish a major war in China this time, considering that all these threats and coercions on the part of Japanese militarists and diplomats are nothing but their usual way of forcing the Chinese into submission which has worked so well in the past. If Japan is really on a war path, as the Manchukuo press makes it out, then in order to conquer China and keep her in submission she will have, they say, to mobilize her entire army and keep it on Chinese soil—which cannot be carried out without some grave disturbances of economic and social nature at home. It goes without saying that even a partial mobilization of the Japanese army and bringing it on the mainland for operations against the Chinese forces and guerillas will be followed by a similar mobilization of the Red Army, for the Soviets have good reasons not to trust that the Japanese army will remain in occupation of Chinese territory without throwing its full weight on Outer Mongolia or Siberia. It will be recalled that the Great War was started owing to the refusal of Nicolas II, the Russian Emperor, to call off the mobilization of the troops of the Kiev military district as demanded by the Berlin Government, whereupon the Germans immediately proceeded to mobilize their army, the Russians responding to it by the mobilization of their entire army.

Recently, Harbin had a distinguished guest, Lieut.-Gen. Y. Tatekawa, who at a press interview given on October 3 said: "You ask about the attitude of Japan towards the U.S.S.R.? Well, Japan is not afraid of war with the Soviets, though she does not seek it. If the Soviets dare to break the peace of Eastern Asia they will receive such a blow from which they will not recover soon. The political situation is so tense that it is absolutely impossible to forecast what will be to-morrow, hence Japan should continue augmenting her armed forces which are the only guarantee of peace in this part of the world. With regard to Sino-Japanese relations, I say Japan pursues only the policy of peace, but if she meets with some obstruction in this policy she will remove it by force as this is essential for the peace of the Far East and well-being of all its peoples."

In a sense, this interview of a Japanese militarist was a reply to a recent speech of the Soviet Marshal Voroshiloff at the maneuvers in Kiev, when he promised that in case of an attack on the U.S.S.R. the Red Army would carry the war into the enemy's territory and defeat him there. Because of these bellicose speeches, it is of considerable interest to see the real strength of the Far Eastern Red Army now facing the Japanese around Manchukuo and in Outer Mongolia. The Czarist General Rikoff, who apparently studied this question closely, writing in the *Le Jour* (Paris) stated that Bluecher's army is made up of ten infantry divisions, three motorized divisions, 900 airplanes and 700 tanks, "all waiting for the signal that will start the world revolution." Apparently, this statement is incomplete, as it did not include the cavalry, artillery (field, heavy and anti-aircraft), chemical troops, the O.G.P.U. units, frontier guards, all of which together with the infantry, would make an army of no less than 400,000 fighters, all young and well-trained, ready to carry the war into the enemy's home and break his back there.

Mongolian Army Not to Be Taken Lightly

Also, General Rikoff did not take into account the Outer Mongolian army which, according to Japanese reports, cannot be taken lightly. S. Murata, writing in the *Bunjei Shunju* for May last stated that the present strength of the Outer Mongolian army should be put at about 100,000 fighters, half of them ill-trained, it is true, but any way ready to be thrown on the field within a fortnight since the M — day (the day of mobilization in military parlance). This brings the actual strength of the Soviet-Outer Mongolian forces to about 500,000 fighters, which in case of Sino-Japanese histilities on a major scale will probably be doubled as the Soviets can under no condition have any assurance that the Japanese army and navy of about 1,000,000 fighters, after a speedy conclusion of their objective in China, would not be thrown on Outer Mongolia and Siberia with a view to stamping out Communism in its breeding place as Japanese generals had declared time and again in the past.

The distrust of Japanese methods by the Soviets goes even so far that the threatened Japanese intervention in China is regarded as a sort of military demonstration intended primarily for the U.S.S.R., to lull the Soviets into a false sense of security from Japanese pressure and threat of war—all of which have been a nightmare for Soviet leaders. They appear not to have forgotten a case during the Japanese occupation of Siberia when they had played the fool, having too much trusted the Japanese assurances of friendship and goodwill; in March, 1920, the Japanese attacked the Red troops all over Maritime Province without any provocation whatever, still more, during a friendly banquet in Vladivostok, served to the Red leaders. To this, the Reds replied by a wholesale massacre of Japanese in Nikolayvsk-on-the Amur, including the consul and his family, destroying the town in the process.

Since the so-called Japanese continental policy is principally a military program worked out by the all-powerful Supreme Military Council, which in turn is but a family affair of the Choshu and Satsuma clans, controlling respectively the army and navy, all steps of Japan on the mainland in recent years must be considered as military measures, pure and simple. In this respect, the Shanghai War of 1932, though it may have had its

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Opening of Canton-Hankow Railway Provides Through Rail Connection to Europe

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

WITH the opening of regular traffic on the newly finished 681 mile Canton-Hankow Railway connection is inaugurated between Hongkong with every part of Europe. It is actually possible now for a Hongkong or Canton traveller to proceed to London without once setting foot on a ship, except on the trans-Channel crossing.

Construction of this gigantic railway is estimated to have cost $175,000,000 Chinese currency and the intention for the construction of this railway, which has been regarded by the Ministry of Railways in Nanking as one of the two most important trunk lines in China, the other being the Lung-Hai Railway, was first conceived as long ago as in the year 1898. In that year a concession to construct the line was granted to the American-China Development Company. About this time the Spanish-American war broke out and the American Company did nothing to put the work to hand until peace was declared the following autumn.

A survey party headed by William Barclay Parsons was then sent to China. The survey party found that the original estimated cost of £4,000,000 or a little over £5,000 per mile, had been under-estimated to the extent of nearly 100 per cent. The Development Company, therefore, found it necessary to secure a modification of certain terms in the contract.

A supplementary agreement was reached early in 1900 and ratified by the Chinese Government. A restriction on assignment was embodied in this Agreement by the Viceroy who wished to impose a check on Franco-Belgian aims. French and Belgian interests had been strenuously engaged for years in an endeavor to secure the construction rights of this line. When they found out that they had been checkmated by the American group, they decided to transfer their sphere of activity to New York and to secure a controlling interest in the Development Company by acquiring shares. In 1902 the extension from Canton to Samshui via Fatshan was commenced and a second survey by American engineers over the main line was put in hand. The Canton-Samshui line was completed and opened to traffic in September 1904. During this year the Belgians began to show their hands. China refused to recognise the Belgian control of the Company and largely through the efforts of J. Pierpont Morgan, the Americans succeeded in regaining control. A period of inactivity followed which brought an outcry of protest from the Chinese people, who demanded cancellation of the concession.

Americans In Control

In January 1905 the American Government advised the Chinese Government in Peking that it did not approve of the proposed cancellation and further it regarded the American concessionaries as entitled to protection of their Government. At that time China was procrastinating with a view to obtaining a cancellation of the concession, for certain viceroys had asked the Chinese Minister at Washington to bring to the notice of the American Government the fact that the people of the three provinces, namely Kwangtung, Hunan and Hupeh, through which the line was to pass, unanimously objected to Americans constructing the line. The position then was that the China and American syndicate were mutually bound by a definite agreement which had been in existence for some years, and under which the American syndicate had expended much money in commencing the line. In the latter part of January 1905 a San Francisco telegram announced that J. Pierpont Morgan had purchased the interest in the Canton-Hankow Railway, recently acquired by a Belgian syndiate, of which the late King Leopold was the chief stockholder. Due to the position of the Chinese Government that the charter granted was special to the American syndicate and could not be assigned to any other foreign corporation, the Belgian stockholders sought an American buyer and they found J. Pierpont Morgan.

The rumour that Russian capitalists were indirectly acquiring the interests that were normally held by the Belgian syndicate so much concerned the Peking Government that it threatened to declare a forfeiture of the charter and all rights acquired and assigned under it. The purchase of the stock by the Morgan interests satisfied the terms of the original charter.

Back to Chinese Hands

Exactly 31 years ago to-day, (October 10, 1905) the *South China Morning Post* published a telegram from Shanghai saying that the Hongkong Government had loaned to the late Viceroy Chang Chi-tung of the Manchu Government £1,100,000 sterling, for ten years, bearing interest at the rate of 4½ per cent. and repayable in annual instalments. The loan was for the purpose of redeeming the Hankow-Canton Railway from the Morgan interests, which held the concession up to that time. Of the sum £1,100,000, £700,000 was sent to the syndicate in New York and £400,000 was paid to Viceroy Chang Chi-tung on October 7, 1905. The security for the Hongkong loan was the opium revenue in Hupeh, Hunan and Kwangtung. Commenting on that loan the editor of the *S.C.M. Post* said "The loan, which is probably the first the Government of this Colony has been a party to, is repayable in annual instalments..... The loan has a deeper significance than the mere bank interest of 4½ per cent. attached to it. It will advance British interests from Kowloon to the Yangtsze River and open up many new important markets for Hongkong and Canton.....In his Budget speech in the beginning of last month, His Excellency Sir Matthew Nathan intimated that it was intended to raise a loan for the Kowloon-Canton Railway scheme. Surely, now that the Government has sanctioned a loan for the grand trunk line, which will connect Hankow with Canton, no obstacle will be permitted to stand in the way of the line from Kowloon to Canton, with which the trade of the Colony is directly concerned and which is destined to bring about a new and prosperous era in the history of British relations with the mercantile community of Southern China."

Concerning the £700,000 then equivalent to $6,750,000 gold paid to the American syndicate the sum included $3,750,000 for the loss of valuable rights and $3,000,000 for work done. The Hongkong loan was then known as the Wuchang loan. It was the Chinese intention, after the retirement of the American-China Development Company to construct the railway as a Government undertaking. The merchants of Canton were opposed to this, however, and a joint stock company was formed known as the Yueh-Han Railway Company. This Company completed in 1915 the 138 miles section from Canton north to Shiukwan.

Construction work from Wuchang south had also been put in hand. In 1911 the Hukwang Railway Loan Agreement was negotiated with Great Britain, France, Germany and the United States of America, the British portion of which was to be used for the construction of the section from Wuchang to the southern boundary of Hunan. Work which was started in 1912 was retarded by the Great War and the 228 miles section between Wuchang and Changsha south to Chuchow had been in the meantime completed to enable coal to be transported from the Pingshiang branch line which had been opened to traffic in 1905.

Indeed the Hukwang enterprise had been unfortunate from the beginning. No sooner had the loan for £6,00,000 sterling been successfully issued abroad than the Chinese Revolution broke out, with the result that construction was delayed. Eventually, after several years' interest had been paid out of capital, funds were exhausted by the construction of the 228 miles, leaving about 200 miles unbuilt. Given ordinary circumstances, the sections operating would have gone far to earn a return on the whole of the loan, but at this juncture commenced the struggle between North and South, and ever since the railway was constantly in military occupation. It was indeed when the Nationalist Government under Marshal Chiang Kai-shek had been established in Nanking 1927 that conditions in this part of China became more peaceful but still not back to normalcy.

(*Continued on page 252*)

The Income Tax and Extraterritoriality

BY C. Y. W. MENG 孟昭秩

THE fact that none of the Powers having friendly relations with China has given its consent for its nationals in China to pay the income tax to the Chinese Government in accordance with the Chinese Income Tax Law indicates clearly that none of the Powers—most of them are signatories the Nine-Power Treaty—has lived up to the spirit of the Treaty. None of these nations apparently is willing to abide by the provisions contained in the Treaty, Article 1 of which provides:—

> "To respect the sovereignty, the independence, and the territorial and administrative integrity of China;
>
> "To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government."

The right of levying duties and taxes is inherent in the right of administration in a State. To levy the income tax is to exercise one of these sovereign rights inherent to a State. As every observer knows, the Chinese national Treasury has suffered tremendous loss in revenues as a result of the abolition of the infamous "likin" tax some years ago, and many other illegal, miscellaneous and "exorbitant" taxes in recent years. So it is only natural and quite expedient that some other form of taxes, more equitable and justifiable, should be enforced. So, under such circumstances, to consent to its application to their nationals in China is "to respect the sovereignty, the independence, and the territorial and administrative integrity of China"; and to agree to the enforcement of the income tax is "to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government."

Foreign "Die-Hardism" Again

Secondly, the opposition against the Chinese income tax from foreign nationals in China also indicates that "die-hardism," which was so prevalent when the nationalist movement was first started in Canton, and later spread to Shanghai, is by no means abating. We remember vividly that when the Nationalist Government was first established in Nanking, and wherever the Chinese Government took any step which was quite within the scope of a sovereign state to take, the foreign "die-hards" lost no time to lodge protests with the Chinese Government; and, in addition, they despatched telegram after telegram to their Governments urging them to lodge the same protests with the Chinese Government. Although ten years have passed, such "die-hardism" is still in evidence.

In accordance with the Mandates issued by the National Government on June 8, 1934, and on June 25, 1934, many "exorbitant" taxes have since been abolished. According to the official report on the "Abolition of Exorbitant Taxes Throughout the Country," made by the Ministry of Finance in 1934, the provinces which have lost their annual provincial revenues, as a result of the abolition, amounting to above one million dollars, are: Hopei, Shansi, Kiangsu, Chekiang, Kiangsi, Hupeh, Hunan and Kwangtung; and those below one million dollars are: Chahar, Suiyuan, Shensi, Honan, Shantung, Anhwei, Fukien, Kwangsi, Kweichow and Yunnan; and those where the abolition is being planned are: Ningshia, Kansu, Chinghai, etc. Dr. H. H. Kung, Minister of Finance, was quoted as having reported that the losses to the national treasury after the abolition of other taxes is no less than $50,000,000 annually!

Income Tax Not a Chinese Invention

This system of taxation is not an indigenous growth of the Chinese, but rather, is a product of western contact and intercourse. The income tax was first enforced in England in 1798; in America in 1862; in Italy in 1864; in Japan in 1887; in France in 1914; in Germany in 1920.

The income tax constituted 50.7% of the American national revenue in 1932; 34.8% of the British national revenue in 1934; 30.1% of the French national revenue in 1932; 24.2% of the Italian national revenue in 1932; 23.6% of the German national revenue in 1932; and 13.2% of the Japanese national revenue in 1934.

If the income tax system were purely a Chinese "invention" and a Chinese system, unenforceable previously in any place in the world, there might be some reason to oppose the enforcement. But as such system of taxation is now being enforced everywhere; and further, the present Chinese system is merely modelled after the foreign system, why should the foreign powers and foreign nationals in China oppose the levy when the Chinese Government begins to collect the tax? It amounts not only to opposition, but constitutes another "interference" with Chinese domestic and financial affairs; it is not only opposition which ought not to be considered, but another "unreasonable opposition" which should be totally disregarded!

Reasons for the Levy—Chinese Desire to Collect More "Direct Taxes"

From our study of public finance we remember that our professors in giving us lectures on taxation dwelt much on the "four essential elements of taxation," namely, "equality," "universality," "flexibility" and "stability," and told us that the income tax is a tax which possesses all these elements.

In his speech delivered at the memorial service on the "Income Tax in China," the aged chairman of the National Government discussed the difference between "direct taxes" and "indirect taxes," and pointed out that the indirect taxes tax both the rich and the poor on the same footing, while the direct taxes tax the rich more than the poor; and that while the burden of taxation in indirect taxes could be shifted to other persons, (other than the payers of the taxes), that of direct taxes is non-transferable.

Dr. H. H. Kung, Minister of Finance, in his recent speech on income tax, pointed out that, traditionally, the system of taxation in use in China is that of indirect taxes, and that the present Chinese income tax is modelled after the "British system," and is being enforced in the "most simple way" so as to cause inconvenience to none. In conclusion, he said:

In enforcing the new system of taxation, the Chinese Government wants:

1. to enforce the most simple system of taxation, more adaptable to the present conditions in the country, paying not so much attention to the various theories of taxation, or various systems of taxation in other countries;
2. to reform the Chinese tax system, and to open up more legitimate revenue resources for the promotion of social and economic development of the country, but not to aim at sudden and great increase in the revenues; and
3. to collect the taxes more universally, so as to train the habits of the people to pay more direct taxes to the Government, and to arouse the national feeling of the people

The Finance Minister then urged on the Chinese people the duty of every citizen to pay taxes to the Government; and reminded them of the "danger" that the sources of indirect taxes might be cut off at any moment in the national crisis, while the sources of direct taxes are more stable. Indeed, our Finance Minister is very far-sighted. At present, the customs revenues together with the salt and consolidated taxes, which are all indirect taxes, constitute more than 90% of the Chinese national revenue. In a time of war when Sino-foreign trade is liable to be paralyzed, these sources of revenue will be in danger. So to enforce the income tax is necessary when we take up the many national defence measures.

Extrality,—Not a Hindrance to the Levy

In discussing the levying of duties and taxes, we necessarily come to the subject of "foreigners and Chinese taxes". We can do no better than quote what was said by Dr. Paul S. Reinsch, the then American Minister to China, in a communication to his Government dated March 10, 1914, which reads:—

> "The tendency to interpret extrality of foreigners in China as implying entire exemption from all duties ordinarily imposed by sovereign Governments upon persons residing within their territory is certainly not in accord with equity nor with sound policy. Were the position taken by the Government of the United States in the Treaty of 1903 to be generally accepted by the Powers, it would be possible for the Chinese Government gradually, in a measure as its efficiency increased, to develop its just powers of sovereignty throughout the Republic. But by construing extrality as implying an absolute exemption, the current international practice stands in the way of the development of an efficient and adequate government.
>
> "On the other hand, it is unquestionably true that were the rights of foreigners not carefully guarded, they would often be subjected to burdens of impositions, unjust and intolerable. As long as the whole question is dealt with on the basis of the outside nations trying to enforce absolute immunity of their nationals, the Chinese, on the other hand, will not be free from a desire to take advantage of every opportunity offered, regardless of principle, to get the better of the foreigners. This situation can be remedied only if due recognition, under severe tests of efficiency, is given to the efforts of the Chinese Government to reform and improve the methods of governmental business. Such recognition can come only by allowing the exercise of the sovereign powers of China, where such exercise seems reasonable and just according to the general principles of Government practiced by the nations of the world."

In other words, the former American Minister to China admitted that to claim exemption from Chinese duties and taxes under extrality is "certainly not in accord with equity nor with sound policy," and that under the Sino-American Commercial Treaty of 1903, which, though expired, and not yet revised, the Chinese Government could levy taxes on the American nationals in China. If the communication is further interpreted in its true spirit and meaning, we will find that to abolish the many "exorbitant" taxes

and to enforce new taxes is exactly what is meant by the "efforts of the Chinese Government to reform and improve the methods of governmental business"; and that to impose more direct taxes is certainly "reasonable and just according to the general principle of Government practiced by the nations of the world." So instead of opposing the levy of income tax, the foreign powers should allow "the exercise of the sovereign powers of China." So the American officials today may join with other powers in giving no consent to the Chinese levy, but when they are reminded of the statement which their predecessors made yesterday, they should feel ashamed of themselves for failing to live up to their words, and for having treated China no better than other aggressive nations do!

Again, in the Chinese Declaration on the same subject, Dr. Wang Chung-hui on behalf of the Chinese Delegation, said :—

> "As far as China is concerned ever since she entered into trade relations with foreign countries, in no treaty of any sort is there to be found any provisions which concede to foreigners living in or outside settlements in China an exemption from taxation . . . . . It is indeed inadmissible in the enforcement of a fiscal regime to make any discrimination either between citizens on account of their nationality or residence or between different parts of a territory subject to the jurisdiction of the same State. This would violate the principle in international law of equal treatment for the citizens of a State and run contrary to the spirit of the Washington Conference, which was designed to respect the territorial and administrative integrity of China. The Chinese Government therefore proposes that these impediments should be removed so that it may be enabled to exercise completely its rights of taxation."

Such a statement of facts is clear enough not to need further explanation.

Today, foreigners living in the International Settlement of Shanghai may oppose the Chinese levy, but they are reminded of a number of the "principles" for the "reorganization of the foreign Settlement in Shanghai," and which are still binding today, and which are as follows :—

> 1. That whatever territorial authority is established shall be derived directly from the Imperial Government through a Minister.
>
> 2. That such shall not extend beyond simple municipal matters, roads, police and taxes for municipal objects.
>
> So the Chinese Declaration continues: "The aforementioned two articles show that the Powers possess over the Shanghai settlement only an authority in purely municipal matters and are competent to levy taxes only for municipal purposes. It is therefore quite clear that the national taxes are to be paid without exception by the residents of the settlements, whether they be Chinese or foreign citizens. Morever, the payment of a land tax in respect of all landed property possessed by foreigners in China, proves sufficiently that foreigners and Chinese alike have to perform their fiscal duties towards the Chinese Government."

Therefore, it is now clear that extrality does not exempt the foreign nationals in China from paying the national and regular taxes to the Chinese Government. That the foreign nationals in China have not, in the past, paid the taxes might constitute a "precedent," but could not be construed as a "treaty right." But as such precedent is "not in accord with equity nor with sound policy", and lacks legal basis, it certainly must be and could be torn down by the Chinese at any time when the Chinese see fit!

The Method of Collection

So when the whole problem is studied and analyzed, it is reduced not to the point of "foreigners and Chinese taxes," but rather "efficiency" in the administration and collection of the tax. When interviewed by the writer of this article, a high official in charge of the "Direct Taxes Department" of the Ministry of Finance, when questioned on the "efficiency" in the administration and the methods of collection, said :—

> 1.—*Income from conduct of business of any company, shop, factory, warehouse or individual and income from any joint government and private profit-making enterprise* :—
>
> The taxpayer shall report the amount of net profit within three months after each yearly settlement of account to the income tax office and shall pay the amount of tax as determined by the income tax office annually either between the first day of the third month and the last day of the fifth month or between the first day of the eighth month and the last day of the tenth month in accordance with the usual period of each trade for the closing of accounts.
>
> 2.—*Income from any temporary profit-making enterprise* :—
>
> When there is a payer paying the income, the method of collection at source is used. The payer liable to withhold the tax at the source shall report the amount of the income within one month after the date of closing of accounts to the income tax office and shall pay the tax within twenty days after the date of the filing of the report.
>
> When there is no payer paying the income, the taxpayer shall report and pay the tax himself.
>
> 3.—*Income from salaries or remuneration* :—
>
> In respect of salaries or remuneration of those in public service, the tax is deducted at the source. A government official of the institution directly paying the salaries or remuneration shall monthly withhold and pay the tax on behalf of the taxpayer at the time of settling accounts.
>
> In respect of salaries or remuneration of persons engaged in a liberal profession or any other vocation, when there is an employer to pay the income, the tax shall be withheld and paid monthly by such employer. When there is no employer, the taxpayer himself shall report the income and pay the tax.
>
> 4.—*Income from securities or deposits* :—
>
> The tax shall be paid by the payer of the income at the time of making payment. Such payer shall also submit a report of the amount of income in accordance with a definite prescribed form within one month after the date of paying the income.
>
> 5.—A person liable to withhold the tax at source shall, at the time of deducting and paying the tax, notify the taxpayer. Such person (except the special table and form used for reporting the payment of interest on bearer securities and interest on deposits,) shall submit a list of the amount of income of each taxpayer and report it to the income tax office.

Training of Personnel

The same spokesman concluded his statement by informing us that "with a view to building up an efficient and adequate machinery to administer the tax, we are carrying on a project of training up young educated and energetic persons for the service. We have already opened a "Training Class" consisting of some eighty college graduates who were enlisted by means of an open public examination in which about three hundred persons participated. The training will last two months, after which period they will be sent out to the field to do collection work. During the training, they are taught a variety of subjects relevant to income taxation, and the teachers are drawn from well-known scholars and experts, such as Dr. Chen Tsin-tao, Dr. King Kuo-bao, Dr. Chu Chih and others."

So we can say that if a tax system is already in use in many other countries in the world; that if by treaties the State is under no obligation to make no new levy upon its own people as well as the foreign nationals living within its boundary; that if it is proved that, due to the existing situation, the State, as an expedient measure, has to resort to the increase of revenue in order to balance the national budget, and partly as a "governmental business reform"; and that if the "efficiency" in the administration of the tax is assured, and the method of collection is up-to-date, the world public opinion demands and concludes that the same tax system should be instituted in the country. There should be no opposition and, if any develops, such opposition could be totally disregarded and should be suppressed.

Nanking, October 7, 1936.

"Let China and America Be Brothers" Says Dr. P. F. Price in Radio Broadcast

"China and America are already neighbors and friends. Let us be brothers" was the theme of an appeal made by Dr. P. F. Price of the Nanking Theological Seminary, speaking recently over the Central Broadcasting Station in Nanking. Both China and America have done their parts to promote friendliness between the two great republics, Dr. Price said. Among Chinese who did much in this respect, he mentioned Wu Ting-fang, shrewd diplomat and eloquent orator in the English language, Dr. V. K. Wellington Koo and Dr. Alfred Sze, worthy diplomatic representatives of the best in this country. On the other hand, America has sent many educators, physicians and nurses whose life work was service for the Chinese people. Dr. Peter Parker, he said, was among those to give the first demonstration of modern surgery in China.

Party History Museum Inaugurated in Nanking October 10

The $250,000 Museum of Party History, hereafter the custodian of all historic materials related to the Kuomintang, through which efforts the Republic of China was born, was officially inaugurated in Nanking Oct. 1. Completed in August after 17 months of construction, the Museum is situated beside the Royal Creek, some distance inside the Chungshan Gate, where once stood the palace of the First Emperor of the Ming Dynasty, and is now one of the finest structures in Nanking. Occupying an area of 10 mow, the Museum is a three-story building with a blue tiled roof and beautifully carved and painted eaves. Thousands of historic materials of the Kuomintang, collected by the Central Party Headquarters, are now on display, among the most interesting relics being manuscripts and documents personally written by Dr. Sun Yat-sen.

WHAT'S ALL THIS I HEAR ABOUT QUAKER OATS HAVING AN ABUNDANCE OF VITAMIN B ?
YES, IT DID WONDERS FOR MY BOBBY, LET ME TELL YOU ABOUT IT —
THE STORY—
WHAT ON EARTH ARE YOU DOING HOME FROM SCHOOL SO EARLY?
TEACHER SENT ME HOME WITH THIS NOTE!
HERE IS WHAT THE NOTE SAID:
Dear Mrs Brown:
Bobby is extremely nervous and irritable. Our school nurse says his system seems undernourished and out of order. Can you help him?
Teacher
LATER—
MOTHER, I GOT THREE PERFECT MARKS THIS WEEK FOR CLASSWORK!
YES, BOBBY— QUAKER OATS CERTAINLY MADE A NEW BOY OUT OF YOU

M-23

Mothers, Quaker Oats is the Cereal **THAT THE WORLD'S GREATEST FOOD EXPERTS CHOSE FOR THE DIONNE QUINTUPLETS**

Now available in Quick-Cooking form — Cooks in 2½ minutes.

On the Dionne Quints the world has showered its model methods of raising children. Quaker Oats was selected as the cereal for these precious wards of H. M. The King even before their first birthday. Consider that recommendation for your children and serve Quaker Oats daily. It is rich in Vitamin B, the Vitamin which, doctors say, combats *constipation, poor appetite* and *nervousness*. Quaker Oats is likewise rich in carbohydrates, minerals, protein, all the essential elements for the perfect development of strong bones, sinewy muscles and sound teeth. It enriches the blood, replenishes the forces used up by study and play — aids in perfect development.

Serve Quaker Oats daily to your children and to every member of your family.

QUAKER OATS

Gives you the Vitality to keep you fit

Dr. George Sellett Submits Report on A.-O. Bank Liquidation

Dr. George Sellett, liquidator of the American Oriental Bank, last week submitted a detailed report to Judge Milton J. Helmick of the U. S. Court for China on the progress of the liquidation and development of affairs since the Bank failed on May 24, 1935.

At the time the bank closed there were 8,000 depositors, 6,600 of whom were in Shanghai. Of these, 2500 had deposits of $50 or less. There were 350 firms and individuals indebted to the corporation. In October, 1935, the then liquidator (F. L. Hough) paid the small depositors (those with $50 or less) in full, disbursement total being $38,930.28. After this payment, claims left totalled $7,556,479.70. At the end of July, collections totalled $1,710,069.10. Besides the first payment and the two dividends, (amounting to 17½ per cent) the liquidation process itself had cost $118,539.85, and the cost of recovering mortgaged land had been $45,296.56. On July 31, the cash on hand amounted to $185,373.79. On September 30 the cash on hand was $267,000.

It was indicated that a further small dividend might be paid in due course.

Foreign Refugees in China Stated to Total Approximately 130,000

The question of refugees from other countries residing in China was raised at Geneva Oct. 7 by Lin Chieh, Chinese delegate, at a meeting of the League of Nations Committee on Social and Humanitarian Affairs. The number of such refugees, mostly Russian, now in China amounts to approximately 130,000, Mr. Lin declared.

Rural Land Values Show Steady Decline During Last Five Years

A study made by the rural economics department of the National Agricultural Research Bureau, reveals that if the rise and fall of land value may be taken as a criterion of a nation's economic prosperity or depression, the steady decline of the rural land values in China during the last five years has presented a cross section of the intense agricultural plight caused by banditry, drought, floods and other natural calamities.

Japanese Keep Chapei in Turmoil with Maneuvers

THE exodus of Chinese from Chapei and Hongkew has practically ceased, following assurances from the Chinese authorities that there was no danger of any hostilities. An estimated total of 50,000 persons left the Chapei district while the flight was in progress. The anxiety of the Chinese population was aroused by the fact that, despite Chinese protests, small detachments of Japanese marines held maneuvers in Chinese-controlled territory. Japanese activities were particularly noticeable in the vicinity of the Rokusan Garden, where street-fighting practice was engaged in. Two parties of Japanese marines, all armed with rifles, crossed the railway track near the Hongkew Park at about 9.30 a.m. Oct. 9, into Hwa Yuan Street, Chapei. The number of Japanese stationed at several street crossings in Chapei remained the same as before. Japanese marines also held practices along Pingliang Road and in Hongkew Park.

Sensational revealations of the organization of a special organ for the dissemination of rumors was made Oct. 7 when eight rumor mongers were arrested by Chinese police in Chapei. When questioned, all of the eight arrested admitted that the scheme to spread rumors was formed by traitorous merchants with the object of making personal gains, the *Sin Wen Pao* of Oct. 8 stated.

The *Lih Pao* stated that a brewery in Chapei has been converted into a Japanese barracks, as have a number of other large buildings in the neighborhood.

Japanese Want Nippon Police Heads in Hongkew

Studies into the advisability of securing wider powers for the high Japanese officers of the Shanghai Municipal Police were launched last week by the Foreign Relations Committee of the Japanese Residents' Corporation following a meeting to discuss the aftermath of the slaying of a Japanese marine and the wounding of two others on Haining Road on Sept. 23. According to the Japanese press, the committee holds that there is no reason why the high Japanese S.M.P. officers are not given the authority to direct the operations of offices of various nationalities in the same manner as the high British officers are. This lack of authority, the committee believes, considerably hampers the activities of these Japanese officers, who have absolute command only over lower Japanese officers and constables.

Food-Hawker Who Hid Murder Pistol Charged in District Court

Chang Yoong-hwo, the food hawker, who was arrested on the night of September 23, immediately after the shooting of the Japanese sailor Taminato in Haining Road, was charged at the First Special District Court in Shanghai last week with concealing evidence. Assist. Municipal Advocate Tsang stated that owing to the fact that many persons had handled the Mauser pistol since it was discovered, the fingerprints on the weapon were incomplete and the police could not tell whether they were the accused's; however, one thing was certain, namely, that the bullet taken from the sailor's body was fired from the pistol. The accused admitted that he tried to hide the pistol, but stated that he did not see the shooting.

Nakano, Murder Victim at Pakhoi, a Smuggler?

The *South China Morning Post* recently published a story that Nakano (the Japanese murdered at Pakhoi) was an alleged smuggler. The murder had no political signifcance, but the man was killed by his associates, after a quarrel about proceeds. The same journal related another new angle in the Nakano murder by stating that in 1926 during a serious political disturbance in Pakhoi bandits ransacked Nakano's shop. Subsequently the Chinese Government had to pay him $30,000 compensation for his loss.

Memorial Services for Pakhoi Victim Held at Canton

More than 400 Japanese residents of Canton, including consular, naval and military officers, Oct. 11 attended memorial services for Jyunzo Nakano, aged Japanese resident of Pakhoi, who was slain by a Chinese mob there on Sept. 3.

Chinese Employee of Japanese Firm Said Held as Spy

Accused of espionage, one Yu Hsiao-san, a 32-year old employee of Jitsukichi Kokura, a Japanese glass-manufacturer at Hengpin Road, Chapei, was arrested by the Chinese Public Safety Bureau at Lunghwa, evening of Sept. 29, while returning home from a fishing trip, the *Shanghai Nichi-Nichi* reported.

Amoy Daily Newspaper Suspended

As a result of protests from a certain country, the *Amoy Ta Pao*, was instructed by the Army authorities to suspend publication from October 10.

Japanese Goods Boycotted in Foochow

According to a Japanese tourist who has just returned from Foochow, a strict system of registration of Japanese goods has been in force in that city since September 20. The opinion is expressed that if this state of affairs continues, Japanese merchants will be compelled to leave the Fukien port, the *Shanghai Mainichi* of Oct. 7 stated.

Japanese Fleet in Port Arthur to Be Sent to South China

Secret orders have been issued by the Japanese naval authorities to despatch Japanese warships in Port Arthur to South China, a Tientsin message to the *Shun Pao*, Oct. 8 stated.

No Date Set for Further Chang-Kawagoe Parleys

So far, (according to the *Ta Kung Pao*) no date has been fixed for the fourth intetview between General Chang Chun, Minister of Foreign Affairs and Mr. Kawagoe, Japanese ambassador to China. The secretary of the Japanese Embassy called on Kao Chung-wu, director of the Asiatic Affairs Department of the Ministry of Foreign Affairs, Oct. 12. In the afternoon, Y. Suma, Japanese Consul-General in Nanking, called on Messrs. Hsu Mou and Chen Chieh, vice ministers of Foreign Affairs.

Yih Hai-sen Appeals Against Death Sentence

Yih Hai-sen, alias "Hsiao Kwangtung," who was convicted of the murder of the Japanese sailor H. Nakayama on November 9 last year and sentenced to death on October 2, has filed an appeal against the sentence with the 2nd Branch of Kiangsu High Court through his attorney, Chang Tze-liang. The appeal petitions that the sentence be rescinded and the accused acquitted.

The appeal presents five arguments in rebuttal of the charges of the police prosecution and in support of the claim of innocence of the accused in the case.

First, it is pointed out that the evidence presented by the Police prosecutor against the accused is too flimsy and insufficient to convict him. Secondly, the so-called confessions by the accused are not voluntary statements but promiscuous admissions made under duress. Thirdly, there could be no motive on the part of the accused in killing the Japanese sailor as alleged by the Police. According to the prosecution, the motive of the accused in the alleged murder was to expand his illegal influence in Hongkew through creating trouble in the district. Such an allegation is hardly credible, as no one in his senses would think of resorting to the killing of an unknown individual as a means to expand one's influence. Further, after all what influence did the accused ever possess which he was attempting to expand, as alleged by the prosecution? Fourthly, there is much counter-evidence in proof of the innocence of the accused, as on the evening of the killing of the Japanese sailor the accused was in his cabaret attending to his business and the following day was celebrating his mother's birthday. Had he been involved in the murder, how could he have been so calm? Fifthly, according to the result of investigations at the first trial, the death of the Japanese sailor was evidently due to jealousy in a love affair with some unknown person, as the victim was a frequent visitor of brothels and was killed after he had refused to pass a night in a brothel. He was killed while returning to his barracks.

Judging from the above five points, it is evident that the accused was in no way involved in the case. The only reason why he was implicated must be that somebody interested in obtaining the police reward has maliciously accused him of the crime. Finally, the appeals urges that the accused be adjudged inocent and acquitted.

Narcotic Offenders Crowd Japanese Jail in Shanghai

Two-thirds of the 50 men and women now occupying cells in the Japanese Consular Jail in Shanghai are being held on narcotics charges, officially referred to as "offences against Foreign Ministry regulations," the Shanghai *Mainichi* reported Oct. 7. The majority of these alleged viloators of the regulations are Koreans, who will either be repatriated or deported.

Two Koreans Shot in Brawl Over Drugs in Peiping

Two Koreans were taken to hospital in Peiping on the night of Oct. 6 as the result of a quarrel among some drug peddlers. Bent on making a purchase of the drug, two Chinese heroin buyers visited the Koreans. A dispute arose over the question of price and method of delivery, and finally, the Chinese buyers drew pistols and shot both Koreans. The assailants made good their escape immediately after the attack.

Peiping Reported to Have 150,000 Opium Addicts

According to official statistics, the number of opium addicts in Peiping totals 150,000. In order to eradicate the vice, the Peiping Municipal authorities have decided to impose capital punishment on opium addicts beginning next year.

Hand Grenade Found in Japanese Drug Store in Hankow

BY THE REVIEW'S HANKOW CORRESPONDENT

JUST as things were beginning to quieten down after the murder of Constable Yoshioka, a new Sino-Japanese incident occurred in the Special Administrative District No. 3, (ex-British) Hankow, on October 8, when a hand grenade about the size of a large pear was found just inside the front door of the Shimeido Dispensary. The Japanese claim that some persen threw the bomb from the entrance of the Dispensary to where it was found, about nine feet from the entrance on Taiping Road, about one and-a-half blocks west from the Custom House. It was at dusk, 6:50 p.m. and only one Chinese customer was in the store at the time. Questioned, he said was purchasing some medicine for a cold from a clerk near the entrance of the store at the time, but with his back halfway turned away from the place where the bomb landed. He said he heard one thumping sound and turning around was horrified to catch sight of the bomb, and therefore jumped over the counter to comparative safety.

Chinese and Japanese Authorities Examine Premises

The Japanese owner of the place promptly notified the Japanese authorities, but not the Chinese. However, he closed up shop for the night. This attracted the attention of the Chinese municipal police on duty just across the street from the Japanese Drug Store. Hearing of the hand grenade he immediately called up police headquarters of the S.A.D. No. 3. Soon T. T. Quo, Director of the S.A.D. No. 3 Bureau, and Col. Chen Hsi-tseng, Director of the Municipal Bureau of Public Safety, were on the scene making careful investigation of the case. All eye-witnesses and persons present in the building at the time of the discovery of the bomb were interviewed and minute measurements were made of distances from door to bomb, and of the show-case underneath which the bomb was alleged to have passed. At the first investigation Mayor K. C. Wu of Hankow Municipality was also present. From a bruise of the street side of the showcase and just above the floor where a black mark was found on the floor, the Japanese urged that the hand grenade had been thrown from the head of the five steps which lead up to the main entrance of the Shimeido Dispensary. The bomb, the Japanese alleged, was half covered with a little black cloth bag at the time, and this helped to muffle the sound and to convey it under the show-case and two feet farther on where it was found, having apparently spun and worked its way loose from the bag, found a foot away, both, about nine feet from the entrance of the shop.

The Bomb a Dud—No Fuse or Cap.

The hand grenade came in for some minute examining, and was found to be of very ancient vintage and very crude. It lacked a cap, fuse, or striking pin. Therefore the representative of the Wuhan Garrison pronounced it harmless, as it had actually been thrown without causing any explosion. The bomb rested over night at the Dispensary guarded by Chinese police. The next day it was examined by both the Chinese and Japanese authorities, and finally taken to the Japanese authorities, where it was sealed up in an appropriate box, available, however, for further examination both by Japanese and Chinese authorities.

Japanese Consul Sees Governor Yang

The upshot of this latest incident was that the Japanese Consul General Miura called on Governor Yang Yung-tai at Wuchang, drawing attention to the fact that this sort of an incident quite naturally made the Japanese residents in Hankow somewhat nervous. He requested the Chinese authorities to do all in their power to hinder the recurrence of any such incident. Governor Yang is understood to have reassured the Japanese and promised to do everything in his power to preserve friendly relations with Japan. He also stated that the secret police inquiries into the Yoshioka murder would in future be conducted openly and with increased vigor.

New Highways Opened to Public on Oct. 10

After months of preparation and hard work by provincial officials and civil engineers, the first arterial highways of Wuchang to be built by Governor Yang of Hupeh were formally opened to the public last week, October 10. The ceremony took place at 9:30 in the morning in front of the Wuchang Bureau of Public Safety. The following five highways were opened to traffic for the first time: Chung Shan, Chung Chen, Chang Chitung, Hu Lin-yi Hsiung Ting-pi. Madame Yang initiated the ceremony by cutting the ribbon across the first highway. A procession of motor cars then took the one hundred special guests for a tour of the net-work of arterial highwars. This revealed the fact that these will be the backbone of the scheme for modernizing Wuchang. Water works are next in line and there is much of the ground work already finished. Mains have been laid under all of the new roads, thus providing adequate water supply for the new buildings, which will line the new highways.

Hankow, Oct. 12, 1936.

In the United States Court for China

In re.
LAST WILL & TESTAMENT
of
HELEN MAUD SITTIG,
Deceased.

Cause No. 4128
Special Proceedings No. 2007
NOTICE
Filed at Shanghai, China, October 12, 1936.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of HELEN MAUD SITTIG, deceased, to present the same with vouchers to the undersigned on or before April 17, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Mrs. W. D. Boone,
504 Loh Ka Pang,
Shanghai, China.

Shanghai, China.

In the United States Court for China

IN THE MATTER OF THE CHANGE OF NAME OF JOHN HAHALYAK.

Cause No. 4129
Special Proceedings No. 2008
NOTICE
Filed at Shanghai, China, October 12, 1936.
William T. Collins, Clerk

Notice is hereby given that JOHN HAHALYAK an American citizen residing in China, has filed his Petition in this Court praying for authority to change his name to JOHN HALLICK.

Any person interested may, on or before October 31, 1936, offer and show to said Court why the said petition should not be granted.

William T. Collins,
Clerk.

CORNERSTONE OF NEW BANK OF CHINA PREMISES LAID BY T. V. SOONG

The corner stone of the magnificent new premises of the Bank of China which are being erected on The Bund in Shanghai, was laid with appropriate ceremony October 10, when a large number of Chinese and foreign guests were in attendence. The ceremony was presided over by T. V Soong, the chairman of the board of directors of the Bank, who in the course of a short speech said: "I take this opportunity to stress the necessity for co-operation among all banks in China. The development of China's internal economy and her foreign trade are tasks which cannot be undertaken by a limited number of banks, and the combined efforts of all financial institutions are essential. The Bank of China has made vast strides during the twenty five years of its history, but this progress has been no more noteworthy than that made by many other banks. The development of China is such a a vast undertaking that there is room not only for Chinese and foreign banks in China, but for capital from abroad. May I take your presence at this occasion to symbolize sympathetic cooperation among our Chinese and foreign confreres in our common undertaking?"

T. V. Soong, Chairman of Board of Directors of the Bank of China

Sung Han-chang, the general manager of the Bank, also made a speech in which he reviewed the history of the Bank. He said the Bank of China is the successor of the former Ta Ching Bank, which was closed soon after the Rovolution broke out in 1811. "In February, 1912 the Bank of China was organized with our Head Office at 50 Hankow Road, Shanghai, the building in which we are huddled at present. In August of the same year, the Head Office was formally established in Peking where it remained until the latter part of 1928 when it was moved back again to Shanghai and was located at the very spot where we are now. Two years ago, when the old building here was about to be demolished, the Head Office and the Shanghai Branch were re-transferred to 50 Hankow Road, thus completing a perfect cycle in less than a quarter of a century. The erection of a new building seems to indicate that the Bank is about to close one chapter and open another."

The ceremony was held in a temporary structure built on the Bund side of the site, in which a platform had been erected. The structure, decorated with flags, was closely guarded by police officers. Only those who had invitations were admitted.

Following are some i ems of interest of the new building: Area of site: 55,000 square feet; frontage on the Bund, 94 feet; frontage on Jinkee Road, 550 feet; height from the Bund to the top of the tower, 227 feet; height of banking hall, 35 feet; height of main entrance hall, 25 feet; weight of structural steel, 2,400 tons; weight of building, 70,000 tons; number of lifts, (13: automatic control with highest speed 500 feet per minute); the whole of the premises occupied by the Bank is to be air-conditioned with the temperature and humidity automatically controlled; piping required for the plumbing installation, nearly 20 miles; wiring required for the electrical installation, over 70 miles; volume of building, 5,000,000 cubic feet. The associated architects are Messrs. Palmer & Turner and H. S. Luke. Dao Kwei Kee is the general contractor.

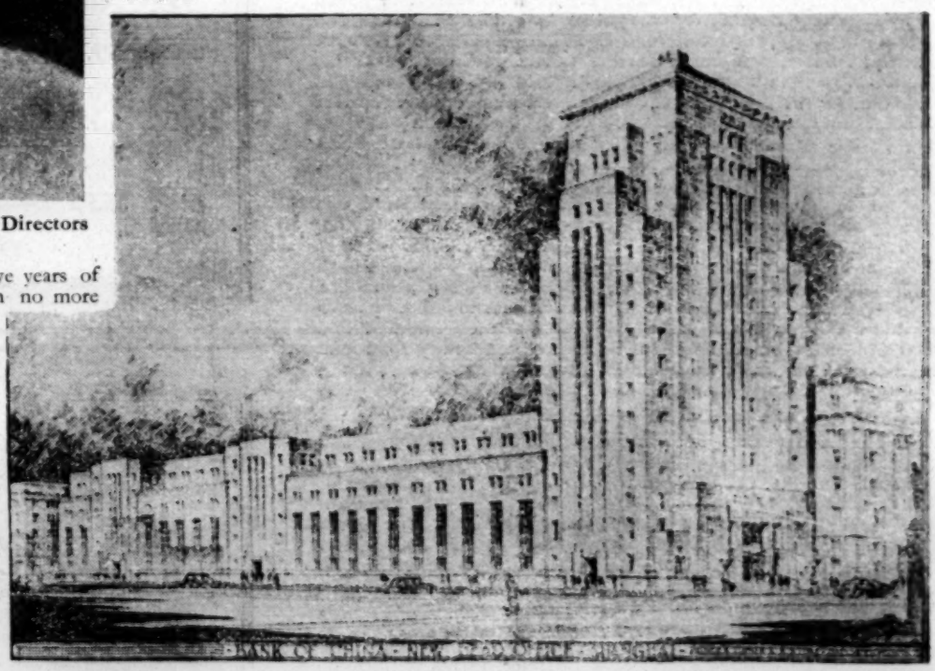

Illustration above shows how the new Bank of China building, being erected on the Bund between Jinkee Road and Yuen Ming Yuen Road, Shanghai, will look when completed.

Japanese Allege Farmers' Bank Is Issuing Notes Without Control

The *Shanghai Mainichi* says that the Farmers' Bank of China which is the Bank of the Military Affairs Commission, is issuing notes without control and without end. The *Mainichi* alleges that the recent trouble in the Southwest was settled exclusively by money furnished by the Farmers' Bank, which authorized by the Ministry of Finance to issue notes to a maximum of $100,000,000' has already issued notes to three times said amount.

The Farmers' Bank has issued a total of $100,000,000 worth of banknotes, according to the latest report released by the bank directorate, the *Central China Daily News* stated Oct. 4.

Banknotes Circulated in Kwangtung to Be Reduced

The Central Government has decided to reduce the number of banknotes in circulation in Kwangtung Province. A total of $50,000,000 worth of legal tender notes has been printed by the Central Government for circulation in Kwangtung, of which $10,000,000 worth has already been sent to Canton.

$29,000,000 in Silver Shipped to Hongkong

The *Shanghai Nichi Nichi* Oct. 11 stated that from Oct. 2 to Oct. 8 the exports of silver to Hongkong from Shanghai totalled $29,000,000. During the same period $10,050,000 in silver was received by Shanghai banks from Nanking, Hankow, Kiukiang and Hangchow. On said date silver reserves of Chinese banks in Shanghai amounted to Tls. 2,220,000 and $33,180,000.

Five Native Banks in Tientsin Close Doors

Because of financial difficulty, five native banks in Tientsin, including the Tsinyuan, Chinshen, Sanchi, Chinyu, and Tienhsiang, closed their doors Oct. 5.

Tientsin Government Experiences Financial Difficulties

The Tientsin City Government has a monthly deficit of $200,000. Of the 20,000 shops in Chinese territory under the jurisdiction of the Tientsin City Government, only one-fourth of them have paid their business tax, a Tientsin telegram in the *Shun Pao*.

At the request of the Chinghai Provincial Government, a sum of $50,000 was remitted Oct. 8 by the Ministry of Finance through the Central Bank of China to Hsining, provincial capital of Chinghai, for the relief of refugees.

The three million 25th Year Peiping Municipal bonds and the six million 25th Year Tsingtao Reconstruction bonds were issued Oct. 1, having received the approval of the C.P.C.

Kwangtung Budget Balances at $34,000,000

The budget of the Kwangtung Provincial Government will balance at $34,000,000 in the present fiscal year, according to the Provincial Department of Finance.

China's Currency Further Strengthened by Tripartite Agreement

China's already stabilized currency has been further strengthened by the recently concluded tripartite monetary agreement between Great Britain, the United States and France, Dr. H.H. Kung, Minister of Finance, stated in an interview with a representative of the *Central News Agency* Oct. 7.

Monetary authorities in Washington, Sept. 30, expressed the opinion that the Chinese policy of maintaining a wide margin between the buying and selling rates of the yuan protects the yuan from the effects of a wide fluctuation of the pound-dollar cross-rate during currency readjustment.

Central Mint to Open Branches in Wuchang and Chungking

In an order issued Oct. 7, the Ministry of Finance instructed the Central Mint to establish branches in Wuchang, Chungking and Sian for the minting of subsidiary coins.

New Fishery Organ to Offer Loan Service

Plans have been made by the Preparatory Committee of the proposed Fishery Finance Corporation for starting a loan service for Chinese fishermen with $120,000 pledged by the Central Fish Market, the Four Banks, the Hsin Hua Bank and the Chung Wai Bank.

Additional Budget Approved By Legislative Yuan

The third additional general budget for the 24th fiscal year balanced at $20,077,255,51, was approved at the weekly general session of the Legislative Yuan in Nanking, Oct. 9. Following the conclusion of the general session a secret meeting was held, during which Liang Han-chao, Secretary-General, made a detailed report on the present Sino-Japanese diplomatic situation on behalf of Sun Fo, president of the Legislative Yuan.

Chekiang Borrows $400,000 to Build Godowns

The Construction Department of the Chekiang Provincial Government has borrowed $400,000 from the Farmers Bank in order to build four large godowns to be located, respectively, in Kinghwa, Ngaukiang, Haimen and Shehshih. The godowns are to be used for storing agricultural products.

Resumption of Marconi-Vickers Loan Service Announced by Minister of Finance

Dr. H. H. Kung, Minister of Finance, announced Oct. 5 an offer concerning resumption of service of the 8% 10 Year Notes of £600,000 issued pursuant to the agreement of August 27, 1918, between the Chinese Government and Marconi's Wireless Telegraph Company Limited; and the Chinese Government 8% 10 Year Negotiable Sterling Treasury Notes of £1,803,200, issued pursuant to the agreement of Oct. 1, 1919, between the Chinese Government and Messrs. Vickers Limited. The main points in the offer are that interest is to be paid at the rate of 10% per annum for the year commencing July 1, 1936, with annual rates increasing by ½% yearly up to 3% in 1942-43, and 3% thereafter until the bonds are fully paid. Payments semi-annually on December 31 and June 30. Principal repayment to begin June 30, 1931, with 1% per year for the first three years; 2% for the next 4 years; 2½% for the next 8 years; 3% for the next 11 years; and 4% for the last 9 years ending with 1975.

Devaluation of Franc Hits Export of Chinese Silk

As a result of the devaluation of the franc, French merchants in Shanghai have ceased to purchase Chinese silk.

Italy Devaluates Lira—19 to U. S. Dollar

The Italian Government Oct. 5 devaluated the lira to a parity of 90 to the English pound or 19 to the U.S. dollar. Chinese financial circles in Shanghai stated that the devaluation of the lira would have little effect on China.

Kwangsi Asks That Income Tax Be Posponed

In a recent telegram to the Executive Yuan the Kwangsi Provincial Government asked that the collection of the income tax in Kwangsi be postponed to January 1, 1937, on the ground that orders to that effect were received too late from the Central Government. The Ministry of Finance has already sent a special delegate to Kwangsi to make arrangements in this regard.

China's Loan Obligations Amount to $5,794,-655,187

The domestic and foreign loan obligations of the National Government at the end of the 24th year (1935) totalled $5,794,655,-187.36, according to statistics compiled by the National People's Economic Planning Committee of the Executive Yuan. The above figure includes the loans contracted by the Ministries of Finance, Railways and Communications, the National Reconstruction Commission, and the Huai River Conservancy Board, as well as the amount outstanding on the Boxer Indemnities. Assuming that the total population of this country is 450 millions, the average obligation *per capita* works out at $12.88, a *Kuo Min* message from Nanking Oct. 1 stated.

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China's Power of Absorption Has Defied All Attempts at Conquest

BY WONG YU FONG

NATIONS may rise and fall in the march of time, but a race of people lasts forever. The Jewish nation had been destroyed for thousands of years, while the Jewish race is still in existence. Many nations have been conquered and the conquering races superseded the natives in the land. Instead of the conquered absorbing the conquerors, the latter succeeded in absorbing the former; so it happened with the Normans in England and the white races in the two Americas. On the other hand, China stands out unique in the history of mankind, that the Chinese always could absorb the conquering races into their own veins and reduce them to Chinese, making all the conquerors lose their identity in time. Not only does China possess a strong absorbing power, but also an exceptional ability to revive after every conquest. Whenever she did reemerge from the conqueror's yoke, she always became much stronger than before the conquest. It didn't matter how deep down her fortunes might have sunk, she could never fail to come up again with all her glories. She might be down, but she was never out. If historical facts are needed to prove our premises, the following citations will dispel every doubt.

The "Five Barbarian Invasions"

In the Tsin period, China after the three Kingdoms' War, was greatly weakened, and the Barbarian races around China were comparatively stronger. Thus, the impotence of China was a temptation to the Tartars, who were looking for a chance with envious eyes to swoop down upon the more civilized Chinese domain. China then had the misfortune of having a civil war over the question of succession to the throne. The eight princes for years waged fratricidal wars with variable fortunes until the nation's strength was so sapped that the Tartars found it opportune to attack China's frontiers. As the defenses crumbled before the invading hosts, the Chinese were forced to flee from the Great Wall. The invaders kept on hammering and China's resistance became weaker and weaker. For a time, we tried to keep the Barbarian invaders beyond the Yellow River and we held on to the southern banks. That defensive line too collapsed under superior forces at last. Our capital, Lo Yang, was invested by the enemy and there was no force strong enough to come to relieve the siege. Finally the city fell into the Tartar's hands and the Tsin Emperor was captured and taken back to the north and afterwards murdered. At that time half of the country was overrun by the Tartars and the best cultured as well as the best developed portion of China was totally lost to the Chinese. From the Yellow River valley, the Chinese fled to the Yangtsze regions, making Nanking the capital of China. After more than a hundred years of impotence, China revived again under the able leadership of Emperor Hsu Wen Ti, who was succeeded by his son Hsu Yang Ti. Unfortunately, although a good soldier, he was a bad ruler. His constant wars against the northern tribes impoverished the country and created discontent, ultimately costing him his throne. As soon as the Great Tang Dynasty come into existence, China gathered a military might never known before. Under that Great Emperor Tang Tai Tsung, China was in the days of her glory. Culture and arts attained a high standard and military power was at its greatest efficiency. All the surrounding countries known to China were forced to pay tributes and acknowledge the Chinese Emperor as the king of kings. The former Barbarian invaders were reduced to vassal states and the mention of China was enough to make them tremble. In those campaigns against the Barbarians, the Chinese took many captives who were of different blood. There were Turks, Jews, and other nationalities among them. China didn't know what to do with them. The Chinese as a people are not murderous by nature. To slaughter captives would be contrary to their merciful inclination. Had they been set free, they would have gone back to their tribes to multiply. When they should become numerous and powerful, they would come back to harass our frontiers and cause us endless troubles. The emperor's advisers advanced the view of changing them into Chinese so that in the years to come, Chinese and Barbarians would merge into "one family." To effect this purpose, Barbarian capitives were given land in Honan and Shensi in small-size colonies surrounded by Chinese communities. Measures were devised to protect them and care was taken so that they would in no wise he a source of danger to the native Chinese. For this reason, there are Jews and Turkish Mohammedans in China who still cling on to their religions, but their features have merged with the Chinese race. By sheer force of numbers, the Chinese absorbed all the early conquerors into their own blood, and now there is hardly any trace of them except as a matter of history. By repeated invasions and conquest over China, the conquering races unwittingly marched to their own doom. Shouldn't this be an example to the nation that cherishes designs to conquer China?

The Mongolian Invasion

With the glory of the Tang Dynasty, China fell into another period of impotence. The Tang Empire broke into five smaller kingdoms, each to dominate the former empire. The Manchurian ruler, assuming the name of Kaitan, detected China's helpless state, seized the territory north of Peking, including the city itself. Later on, the Kaitan kingdom was conquered by another kingdom which rose on the edge of Desert Gobi, assuming the name of Kin. This ruler was far more aggressive and ambitious than the fallen Kaitan. He conquered all territory north of the Yellow River from China. Still he was unsatisfied, and exacted tributes besides. He even captured the Chinese capital, Kaifeng, and carried the imperial entourage to his desert capital. Since then, China was so weakened, that the capital had to move to Hangchow in order to escape from the invaders. Distance did retard invasion, but was no proof against it. Wherever we could go, the enemy could follow also. The Mongols under Ghenkis Khan built up a powerful kingdom north of the Gobi Desert. They concluded an alliance with China to wage a war of extermination against the Kin Kingdom and the allies did succeed in the object. The Mongolians got most of the territory once belonging to the Kins. After destroying one bitter enemy, we had a fiercer conqueror to be our next door neighbor. The Mongols proved to be just as avaricious as the Kins. Naturally they couldn't resist the temptation to march southward and put China under their yoke. After forty years of interminable wars, the Mongols under Kublai Khan completely conquered China. With Peiping as their winter capital, the Mongols ruled China for 89 years. They took and enjoyed what they could get out of the country, but they had nothing to contribute to it. In the fourteenth century, China reemerged with the Ming Dynasty. The Mongols were defeated everywhere. Part of the Mongolian army was caught between the Yangtsze River and the north and it couldn't get away. Consequently, the Mongols were disarmed and allowed to settle in Chekiang province; now they have all become Chinese. Thus, the fate of the once powerful Mongols differed but little from the early Barbarian invaders. With the Ming Emperors on the throne, China drove the Mongolians back to their home far beyond the Gobi Desert. Then on the northeast, she extended her dominion to Siberia. Never was the Chinese boundary pushed so far northward as in the Ming Empire.

The Manchurian Invasion

When the Ming Empire fell into the depth of decay, the Manchu Kingdom rose in the northeast. On account of China's higher culture and more abundance of enjoyable goods, the Manchu eyes were focussed on the conquest of China. They waged a constant war against China for seventeen years, but they were held in check near the Great Wall. China had the misfortune of a successful revolution within, so the Manchus came in at the invitation of the Chinese general, who was entrusted to hold the gateway at Shanhaikwan. As the rebels captured Peiping, the Ming Emperor hanged himself at the foot of the coalhill. This placed the Chinese general between two fires; he had to surrender either to the Manchus, or to the rebels. Either by erroneous judgment, or for other good reasons, he preferred the Manchus to the rebels. It was said that the Manchus agreed with him to split the empire into halves, the northern portion was to be given to the Manchus and the southern portion to the Chinese general. After the whole of China was taken under the Manchu banner, the Manchus repudiated the agreement. Later the same Chinese General rebelled in Yunnan. The Manchus, unlike the Mongols, gave China a better government than she had before and abolished all visible burdens of taxation. The civil affairs in the government were entrusted to Chinese hands, but the military authority was reserved to the Manchus. They were up against a difficult problem. China was too large a country to be garrisoned by an alien army. Before long they discovered that they had to enlist Chinese soldiers for preserving peace and order in the inland districts and smaller towns. The Manchu army only concentrated in the large cities and provincial capitals because they found greater safety and better protection there. As more Chinese soldiers were enlisted, higher ranks of officers had to be appointed from the Chinese to enforce discipline. At last an unwanted situation was created. Contrary to the Manchu conquerors' expectation, there were more Chinese in the army than real Manchus. Thus, the backbone of the Manchu power was really held in the Chinese hands. In the Taiping rebellion, the Manchus were already helpless to defend the throne against the rebels, but the Chinese warriors won the day and saved the imperial crown. In the later revolution of 1911, the Chinese soldiers went over to the revolutionists en masse and the Manchu Emperor was forced to abdicate within a short time. It was true that the Manchus had conquered and ruled China for about 270 years, but after three centuries there isn't a single Manchu left who is not also a Chinese. As a race the Manchus practically disappeared. They have been absorbed by the Chinese race. They came as conquerors, but they disappeared, a conquered race. Did they conquer China, or China conquer them? The Chinese are still a virile race now as then and their

future is as great as ever, while the Manchu conquerors not only have become the conquered, but also extinct racially. Had they known about their fate before, would they have ventured into the bad business of conquering China? China is an easy place to break in, but a difficult place for the intruders to get out of uninjured.

The Fate of the Conquerors

Every one of the former conquerors rejoiced over the conquest of China and each came to grief on the day of reckoning. It would have been to their advantage to leave China alone. Of the former conquerors, the Mongols were the only lucky ones to escape the fate of having been totally absorbed; the others all succumbed to the inevitable. It is said that history repeats. In the case of China, history repeated several times and every time the conquerors became the conquered. If it was true in the past, it should hold good today. The folly of conquest is quite evident, but human greed and temporary expediency confuse the minds of individuals as well as nations. Of individuals, Alexander the Great and Napoleon, were the most conspicuous, and yet they both brought more misery to their countries than blessings. What they could achieve by force, was only to crash to cinders at the end. Of nations, Rome and Mongolia were the most dreaded conquerors, but they all faltered without exception. The business of conquest doesn't pay, but some of the nations have yet to learn their costly lessons. With regards to China, her weakness is her strength; and victory always spells defeat to the invaders. The conqueror's troubles just commence, but not over the conquest. To seize China's territory is easy, but to keep her down is hard. The virility of the Chinese race, the extent of China's area and the long chain of history make China unconquerable. The nation that strains her efforts at conquering China, is guilty of the greatest folly.

Nanking, Oct. 8, 1936.

China Elected to Non-Permanent Seat on League Council

By practically a unanimous vote, 51 out of 52 votes, China was elected Oct. 8 to one of the two non-permanent seats on the Council of the League of Nations.

Dr. Cheng Tien-hsi Elected Judge of Permanent Court

Dr. Cheng Tien-hsi, formerly Vice-minister of Justice of the National Government of China and who last year supervised the Chinese Art Exhibition at Burlington House, was elected Judge on the Permanent Court of International Justice at the Hague. By his election Dr. Cheng fills the post vacated early this year by Dr. Wang Chung-hui.

Dr. Wang Chung-hui, former Judge of the Permanent Court of International Justice at the Hague, arrived in Nanking Oct. 8 from Shanghai to see General Chiang Kai-shek.

Wellington Koo or Quo Tai-chi to Represent China on League Council

A *Reuter* message from Nanking Oct. 9 stated that the Chinese Government has decided to appoint Dr. Wellington Koo, the Chinese Ambassador to France, to fill the Chinese seat on the Council of the League of Nations, but it was understood that Dr. Koo had recommended Quo Tai-chi, the Chinese Ambassador to Great Britain, for the position.

Manley O. Hudson Elected Judge of World Court

Dr. Manley O. Hudson of Harvard University was elected a Judge of the World Court Oct. 8, following a telegram from Col. Henry L. Stimson declining the honor.

Sixty-two Foreigners Decorated by Chinese Government on Oct. 10

Sixty-two foreign notables were announced Oct. 10 to receive decorations from the National Government of China on its Silver Jubilee anniversary. Prominent in the list of officials to receive decorations were the following: Ciano di Corlellazzo, Italian Foreign Minister; L. Aubert, Norwegian Foreign Minister and former Minister to China; C. Zarine, Latvian Minister to Great Britain; M. Rene, Governor of Indo-China; M. Mouter, French Colonial Affairs Minister. M. Yono, Japanese Minister to Chile; M. Dovalle, Director of the Protocol Department of the Chilean Foreign Ministry; C. Cortini, Assistant Director of the Protocol Department of the Italian Foreign Ministry; T. Horiuchi, Japanese Consul-General in Tientsin; M. Arino, Japanese Consul-General in Tsinan; I. Ishii, Japanese Minister to Siam; J. Bustamante, Mayor of San Diego, Chile; N. Aall, Norwegian Charge d'ffaires in Shanghai; Teraoka, Adviser to the Japanese Naval Ministry; K. Ostovan, outgoing Iranian Consul-General in Shanghai. Aside from officials, prominent among those to receive decorations were: Dr. J. Leighton Stuart, president of Yenching University, Dr. Frank B. Kellogg, former American Secretary of State; and Sir Frederick White, former political advisor to the National Government.

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In the United States Court for China

In re. the Estate of BETTY SHENGLE, Deceased.	Cause No. 412 Special Proceedings No. 2005 NOTICE Filed at Shanghai, China, October 9, 1936. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of BETTY SHENGLE, deceased, to present the same with vouchers to the undersigned on or before April 17, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Lelia Manlove,
c/o Allman, Davies & Kops,
Hamilton House,
Shanghai, China.

Shanghai, China.

Soviet and Manchukuo Patrols Clash—Casualties on Both Sides

Four Manchukuoan soldiers were killed, five seriously wounded and two reported missing, as the result of a clash which occurred 5 a.m. Oct. 11 near Hunchun, on the Eastern border of Manchukuo, between a Manchukuo patrol unit and a detachment of Soviet troops. The Korean Army headquarters reported eight Soviet soldiers dead or wounded.

This first encounter occurred between Yangkwangping and Kiushaping, on the Tumen River. Fire is alleged to have been opened on a Manchukuo patrol by G.P.U. men from across the border. The opposing forces were about 1,000 metres apart, at last reports. A second encounter, in which one Manchukuo border guard was killed, resulted from alleged illegal firing on a patrol by G.P.U. guards at a point near the Border Marker No. 12, also on the eastern border.

The usual protest was made to Moscow. Observers in Tokyo alleged that the two incidents were in some manner designed to influence the course of the current Sino-Japanese negotiations in Nanking.

Japanese Officer Killed

Lieut. H. Tominaga, of the Manchukuo border guards, who participated in the clash of Oct. 11, on the following day approached the border in search for one of his men who was killed the previous afternoon. He was fired upon by Soviet guards and killed. Later, Russian soldiers were seen crossing the border and carrying the officer into their territory. Negotiations for the return of his body will be opened by the Manchukuo Foreign Office as soon as the question of responsibility for the incidents is settled.

Korean officers believe that the Soviet patrol have concealed the bodies of two Manchus killed in the Oct. 11 clash, as these have not been recovered.

Contradictory reports to Tokyo newspapers placed the Manchurian dead variously from four to seven and described a fierce three-hour battle involving 200 troops.

Despite the seriousness of these clashes, reports from Korea and Japan both agree that the incidents are "local" and that quiet now reigns on the border.

Shigemitsu Pessimistic on Soviet-Japan Peace Pact

Prospects of a successful conclusion of a pact of non-aggression between Japan and Soviet Russia were described Oct. 13 as "non-existent" by Mamoura Shigemitsu, newly-appointed Japanese Ambassador to Moscow. The diplomat, who had had just returned to Tokyo from a month's tour of Manchukuo and North China, said that the "bombastic statements of Soviet leaders killed all hopes for a treaty of that kind. But I believe that we shall be able to get along without having sparks flying about if we deal with the situation tactfully." Mr. Shigemitsu added that the recent agreements regarding fisheries and oil prospecting rights reached in Moscow were "fine indications of a gradual brightening up of Soviet-Japanese relations."

Japanese Sustain Huge Casualties in Fight in Manchuria

More than 100 anti-Japanese volunteers commanded by Yang Chin-yu surrounded a party of Japanese soldiers at Lansihsien in Heilungkiang province for more than three hours Oct. 11. During bitter fighting more than 50 Japanese soldiers and officers were killed and wounded, according to a Harbin message in the *China Times*, Oct. 13.

Twelve Japanese military officers were killed in the Kwantien district of Liaoning Province Oct. 6, when they were attacked by some 300 anti-Japanese volunteers. It is reported that these volunteers seized 10 train leads of munitions and foodstuffs.

30,000 Anti-Japanese Volunteers Active in Liaoning

There are more than 30,000 anti-Japanese volunteers in Liaoning Province under the command of Yen Shen-tang, a Changchun message in the *Central China Daily News*, Oct. 7 stated. The majority of these volunteers are farmers, of whom a large number are women.

Japanese-Manchukuo Development Company to Be Organized

The Japanese authorities have decided to organize a Japanese-Mahchukuo Development Company. According to present plans, the company will have a capital of Yen 5,000,000, to be subscribed equally by the Japanese and Manchurian merchants.

Manchukuo Has Unfavorable Trade Balance

Manchukuo's foreign trade for September showed an unfavorable balance of Y. 37,945,000, with imports rising to Y. 61,302,000 and exports amounting to Y. 23,357,000.

Bank of Chosen to Close Manchu Branches

All branches of the Bank of Chosen in Manchukuo will be closed on Dec. 1. The action, it is understood, is being taken to facilitate the unification of Manchukuo currency.

Kanegafuchi Spinning to Establish Reed Pulp Co. in Jehol

The Kanegafuchi Spinning Company has decided to establish a Kangteh Reed Pulp Company in Jehol with a capital of Yen 5,000,000. The company expects to produce annually 4,480,000 pounds of rayon pulp and 2,910,000 pounds of paper pulp by using about 80 tons of reed daily.

Japanese Investments in Manchuria Reach Huge Total

According to a report issued by the Bank of Chosen, 123 Japanese companies with an aggregate capital of $430,000,000 were established in Manchuria during the four-year period June 15, 1932 to June 20, 1936.

Manchuli-Mongolian Conferees Squabble Over Language to Be Used

The Manchuli-Mongolian negotiations, which were scheduled to open at Manchuli, Oct. 1 have so far not started. One of hitches is that no decision has yet been reached as to the language which is to be used at the conference, a question which last year delayed the proceedings for several weeks.

White Russian and Mongolion Troops Mutiny

White Russian and East Manchukuo troops mutinied recenty and are pushing forward to Chaoyang in Jehol Province. Japanese troops in Jehol have been mobilized to suppress the mutineers, the *Shun Pao*, Oct. 10 stated.

Large Commission Offered to Son of President Roosevelt

Elliot Roosevelt, son of the President, signed an agreement on February 28, 1934, with Anthony Fokker, airplane builder, providing the young Mr. Roosevelt with a sales commission of $500,000 for each projected sale of fifty military Lockheed airplanes to the Soviet Union, a sworn statement released in Washington, Oct. 6, by the Senate Munitions Committee revealed. The statement was signed by Mr. Fokker. The sales commission apparently brought the price of the planes so high, however, that the Soviet Union did not make the purchase. The following day Elliot Roosevelt made a statement to the effect that the charges were evidently meant only to smear his father. He denied that the contract in question had "required him to deal with the Soviets."

The *Literary Digest's* poll Oct. 9 stood: Landon, 713,451 votes; Roosevelt, 485,392.

President Roosevelt, in a powerful speech at Omaha, Oct. 10, urged Nebraskans to reelect George Norris to the Senate, although he is a Republican, since Mr. Norris has been a consistant supporter of the "New Deal."

During a conference with President Roosevelt in Hyde Park, Oct. 5, William Green, President of the American Federation of Labor, promised the President seven million labor votes in the coming November election.

President Roosevelt Oct. 6 stated that the United States should be armed with emergency powers to prevent the destruction of domestic values through unexpected action by any other nation. He emphasized that such power should be used only in the event of a world monetary convulsion.

Al Smith Attacks Roosevelt Farm Policies

Alfred E. Smith, Democratic candidate for the Presidency in 1928 and former supporter of the President, in a speech at Philadelphia, Oct. 8, termed the present Administration's farm program a "colossal flop."

Black Legion Head Sentenced to Life Term at Detroit

Dayton Dean, leader of the "Black Legion," who was recently convicted of first degree murder for the slaying of Charles A. Poole, a Works Progress Administration employee, was sentenced to life imprisonment at hard labor, in Detroit Oct. 8. He is the seventh member of said secret society to be found guilty of first degree murder.

Britain and U. S. Agree on Monetary Pact with Gold as a Basis

Arrangements for technical cooperation with the monetary authorities at Washington have now been completed, an announcement issued by the Treasury in London, Oct. 3 stated. As a result, a new regulation is being published by the Secretary of the Treasury at Washington which will enable gold to be obtained in America in exchange for dollars by any country which gives the United State reciprocal facilities.

Henry Morgenthau, U.S. Secretary of the Treasury, described the new tripartite monetary agreement as a new type of gold standard. The chief effect, he said, would be to transfer the power of trading in gold from the hands of irresponsible speculators to the hands of governments.

CHIANG-KAWAGOE INTERVIEW PREVENTS BREAK IN SINO-JAPANESE RELATIONS

(*Continued from page 227*)

unity today is the crystal of countless blood and sweat shed by her 400 million people and, therefore, commands the support of every citizen. The spirit displayed by the nation's boy scouts and girl guides at the review on Oct. 10 clearly demonstrates the readiness of the Chinese youth to obey orders, to uphold discipline and to support their Government. It is hoped that all Chinese citizens will also observe rigidly the "commandments for Kuomintang members" and do their part in restoring the ancient Chinese virtues and standing together to strive for the regeneration of the country.

These are the highlights of a stirring speech delivered by Gen. Chiang Kai-sheh, before 10,000 boy scouts and girl guides who marched past the Generalissimo at the Central Stadium Oct. 10 in one of the most impressive boy scout reviews ever held in China in celebration of the National Independence Day. Disunity, according to the Generalissimo, has been the main reason why China has been looked down upon by other nations, why the *San Min Chu I* has not been fully realized, and why the plight of the people has been aggravated. In order that China may be saved, that the nation may be reborn, and that China may enjoy full equality and freedom, he emphasized, the whole country must be united first. Now that political unity has been achieved, Gen. Chiang proceeded, the whole nation should pledge their fullest support to the Government, obey orders, and stick to one another through thick and thin.

After reviewing the boy scouts and girl guides and attending the reception given by the National Government in honor of the foreign diplomatic corps, General Chiang Kai-shek, left Nanking for Hangchow by airplane via Shanghai Oct. 10 to preside over the commencement exercises of the cadets of the Central Aviation Academy.

Dr. H. H. Kung, Minister of Finance, arrived at Hangchow from Nanking via Shanghai by the Shanghai-Hangchow-Ningpo Railway at noon Oct. 11. Dr. Kung called on General Ching Kai-shek, in the afternoon.

POSTPONEMENT OF NATIONAL PEOPLE'S CONGRESS SEEN POSSIBLE

Reports are current in Nanking about the possible postponement of the National People's Congress, scheduled to open in November, according to *Reuters*. Pending an investigation and recommendations by a special committee, however, no official announcement on the subject will be made. It is generally believed that postponement of the Congress is very probable because more time will be required to complete the election of delegates in the interior.

The National people's Congress will be postponed for at least six months and possibly a year, *Shanghai Nippo* reported Oct. 10. The ostensible reason for the postponement is that all representatives cannot be elected in time, but the real reasons are the intensification of the Sino-Japanese crisis and the unsettled state of the Southwest.

Hopei and Chahar will not be represented in the forthcoming National People's Congress to be held this November, as the Japanese military authorities have definitely refused to permit the people there to elect representatives, according to a report in "*Hwa Mei Wan Pao*" Oct. 6. This action on the part of the Japanese military authorities is much deplored by the Chinese people, as it constitutes a definite move on the part of the Japanese to separate Hopei and Chahar from Nanking. In a number of negotiations between General Sung Cheh-yuan and the Japanese authorities, no solution was reached regarding the matter. In an attempt to hasten the election of representatives by the people in the two Northern provinces, the Central Government has decided to send Chang Li-sen, member of the Central Executive Committee, to Peiping to direct and supervise matters pertaining to election. When this report as received by the Japanese, the latter appealed to General Sung, declaring that the Chinese Government should not try to deceive the Japanese by substituting a responsible man for the supervision of the elections. Traitors, under the instructions of Japanese, have distributed handbills in Peiping and Tientsin, opposing the arrival of Mr. Chang. Fearing that the situation will be worsened by the arrival of Mr. Chang, General Sung has sent an urgent and secret telegram to the Central Government, explaining the situation. It is feared that no representatives of Hopei and Chahar will attend the People's Congress because of the interference of the Japanese in November.

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Japan Dockyards Have Orders Till End of 1938

Japanese dockyards, enjoying an unprecedented ship-building boom, will accept no new orders until the end of 1938, a *Domei* survey of the industry shows. Ships of 1,000 tons and over under construction in September numbered 131, with a total tonnage of 814,500, registering a gain of 11 vessels with a total tonnage of 45,400 since the preceding month.

War Minister's Proposals May Lead to Political Crisis

Reuter says that proposals for drastic changes in the administratives machinery, put forward recently by the War Minister, Gen. Count H. Terauchi, have precipitated a heated controversy in political circles in Japan and may even lead ultimately to a serious political crisis. The proposals, which include the appointment of a Minister without portfolio and the amalgamation of various ministries in order to strengthen the control of the Cabinet over administrative activities, have aroused intense interest and equally fierce criticism as unworkable, but the military seem determined to force them through. In the Cabinet, however, there is a very strong body of opinion which opposes the War Minister's proposals.

Although determined to meet the army's drastic ideas with sincerity, Promier Hirota is said to believe that the plan cannot be approved in its entirety, at least for some time.

In a bitter attack on the Government's alleged failure to establish a "definite guiding principle" for its China policy, Dr. Kisaburo Suzuki, President of the Seiyukai party Oct. 8, ascribed the continued strength of the anti-Nipponese movement in China to this "vacillating" attitude.

Japan's Finance Ministry Makes Public "Soak the Rich" Plan

Japan's reform "soak-the-rich" tax plan was made public by the Finance Ministry in Tokyo Oct. 7. The draft plan aims at an equalization of the incidence of the burden of taxation and also at increasing the revenue by Yen 200,000,000 in the next fiscal year and by Yen 300,009,000 in the succeeding years. The scheme provides for an increase in the income tax on corporate earnings from five to ten per cent, and in the capital levy from two to five per cent.

Admiral Nomura Is Strong Candidate for Post of Grand Chamberlain

Admiral Kichisaburo Nomura, a Navy member of the Supreme Military Council, who commanded the Japanese naval forces in the latter part of the Shanghai operations of 1932, looms as a strong candidate for the post of Grand Chamberlain of the Imperial Court, a message from Tokyo Oct. 8 stated.

Brazil Asks Japan to Buy 500,000 Bales of Cotton

Members of the Brazilian economic mission now sojourning in Osaka, Oct. 7 asked the leading textile manufacturers there to purchase annually 500,000 bales of Brazilian raw cotton.

Heavy Wool Shipment on Way to Japan from South Africa

With bales of South African wool, almost as much as Japan bought during the entire 1935 season, in her her holds, s.s. *Montivideo Maru* left Port Elizabeth on Oct. 4 for Japan. The vessel will take one month, instead of the usual two, to negotiate the trip.

The Woollen Industry Association of Japan announced Oct. 1 that the amount of woollen textiles manufactured by the member companies of the Woollen Industry Association for the first half of this year is valued at Yen 41,076,000, which is a decrease of Yen 373,000 as compared with the amount for the second half of last year. The amount of woollen yarn produced during the same period reached 61,253,000 pounds, which is an increase of 1,520,000 pounds as compared with that of the second half of last year. The decrease in woollon textiles is ascribed to inroads of staple fiber.

Japan Tightens Censorship on Foreign Films

A stricter code for the censorship of foreign films has been formally adopted in Japan which, besides protecting special Japanese susceptibilities, prohibits disrespect to royalty, the ridiculing of soldiers and sailors and anything depicting the horrors of battlefields. Kissing scenes which have long been subject to shortening or deletion are to be even more drastically dealt with than hitherto.

British Consul Makes Apology for Formosa Incident

Official apologies for the photographing of the Keelung fortified zone by officers of the British submarine depot-ship *Medway* on Oct. 6 were tendered to the Japanese military authorities in Taihoku, Formosa, by C. H. Archer, British Consul at Tansui Oct. 9.

Tokyo Stocks Rose as a Result of Friendly Negotiations at Nanking

Prices on the Tokyo Stock Exchange rose Oct. 9 on the recipt of news that the interviews at Nanking were proceeding in a friendly atmosphere.

New Japanese Cruiser Launched Oct. 15

The *Kumano*, a B-class cruiser, was launched at the Kawasaki Dockyards in Kobe on Oct. 15.

Great Britain and the Nine-Power Pact

With sensation headlines the *Tokyo Kokumin* Oct. 12 alleged that a joint protest to Tokyo against the violation of the Nine-Power Pact was suggested by Great Britain to the other signatories shortly after the opening of the recent couversations in Nanking between Mr. Kawagoe and General Chang Chun.

This was immediately followed by a telegram from London stating that the report that Great Britain had approached the signatories of the Nine-Power Pact with a suggestion that the clauses guaranteeing the territorial and administrative integrity of China should be invoked, had been officially denied.

Tientsin Customs Corruption Allegedly Involves $10,000,000

The *Ta Kung Pao* Oct. 8 stated that no less than $10,000,000 in Customs revenues was lost because of the corruption of the officials of Tientsin and Chinwangtao Customs. High officials have been sent to Tientsin from Nanking to investigate the matter.

In order to curb the transportation of smuggled goods from Changpei, northern Chahar, to Shansi, Suiyuan and Shensi, the Ministry of Finance has decided to establish a branch of the General Bureau for the Prevention of Railway Smuggling at Tatung, northern Shansi.

Smugglers Clash with Customs Inspectors in Tientsin

More than 10 persons on both sides were seriously wounded Oct. 9, when a clash occurred between Customs inspectors and Japanese smugglers in Tientsin. The smugglers, who attempted to smuggle more than 100 bags of sugar into the city, were stopped by the Customs inspectors. Following parleys between the Japanese authorities and the Customs authorities, the smuggled goods were detained by the Customs.

Smugging Activities in Amoy Resumed Under Protection of Machine Guns

An Amoy message Oct. 11 stated that a large quantity of smuggled goods had been shipped to Chuanchow from Formosa under the protection of 40 Japanese, armed with machine guns.

2,000 Tons of Coal Smuggled Into Tientsin

Coal mines at Machiakow, near Tangshan, worked by the old native method, have been grealy developed since the creation of the bogus East Hopei regime. It is reported by the *China Evening News* that no less than 2,000 tons of coal extracted from these small coal mines have been smuggled into Tientsin and Shantung recently.

China's Extrality Issue Receives Support at World Lawyers Meet

China's aspiration for the abolition of extraterritoriality won popular support at the International Lawyers' Conference recently held in Vienna, according to Chen Yao-tung, Chinese attorney at law, who, together with Kiang Yung, former Minister of Justice, represented China at the convention. Mr. Chen returned to Nanking from Europe last week. He was elected to the Board of Directors of the International Lawyers' Association.

Germans and Japanese Collect Munition Materials in China

With a view to supplying themselves with sufficient raw material for the manufacturing of arms and munitions, the Germans and Japanese are now collecting a large quantity of tungsten, manganese and bismuth in the Southern part of Kiangsi Province, the *Shun Pao* Oct. 13 stated.

SOVIETS WATCH SINO-JAPANESE CRISIS; INCREASE SIBERIAN DEFENCES

(Continued from page 231)

own specific purposes, was primarily a big military demonstration designed to distract the attention of the Chinese and the world at large from the birth of "Manchukuo" then being hastily "doctored" by the Kwantung Army. Once the birth was given to a bastard child, the demonstration was speedily called off, having brought no new laurels for the army.

Hence, the Soviets seem to be in their right to watch the latest moves of Japanese warlords in China with the closest possible attention; they have to deal with a neighbor for whom there is no means too bad or too sacred to foster his imperialistic interests.

Harbin, October 8, 1936.

TOKYO CUSHIONS ITS NORTH CHINA DEMANDS WITH CLAIMS IN THE YANGTSZE VALLEY

(Continued from page 230)

force in the background. And more uncertain too is its outcome in view of the present mood of Chinese armies in the north which suggests that of a cornered beast. For these reasons Japanese activities in North China, except in the east Suiyuan sector, are for the time being conspicuous by their fewness, while the results of the Nanking negotiations are being awaited. It means that the North China apple, long represented as ripe and ready to be plucked, has not yet fallen into the outstretched palm of imperialism; irked by the delay, Japanese diplomacy has decided to shake the tree itslf by turning to Nanking directly.

To sum up, the present Japanese tactics are to force Nanking to sign North China away, to estop foreign objection by holding a probable claim to the Yangtze valley as a trump card and to cow the northern local authorities in line with a seemingly new and wider mandate from Nanking. What, then, will be the countermeasures if any?

On Nanking clearly rests the preponderant or almost sole burden of responsibility. A breakdown on its part before the onslaught of Japan's mailed-fist policy will jeopardize the situation beyond redemption, since no amount of foreign sympathy or good office or of local resistance in North China can save the day for China. The unwillingness of Nanking to match its newly acquired strength to the mighty machine of the island empire may be readily understandable. But the wisdom of hesitation is called in question when the nation has all along been faced with the choice between slavery and liberty.

Our apprehension—and this is shared by many—is that Nanking has not yet made its final stand clear to Tokyo in unmistakable terms. The hesitation and delay in this respect is in our opinion more than any other single factor responsible for Japan's unabated aggression in this country. Had we told the Japanese that they would have to pay for every inch of Chinese territory with their blood right after their seizure of Manchuria, Jehol would not have gone the way it had. Had we offered a national resistance, instead of the half-hearted and local one, against Japan's drive inside the Great Wall, North China would not have passed under the disabilities incident to the Tangku Truce and all that it implies. Even today, when the enemy's dagger is pointed to the heart of the country, it is by no means clear if we have made our last ditch visible to him. Our greatest diplomatic blunder since the Mukden incident is, in the words of Wen Tsung-yao, a former Vice-Minister of Foreign Affairs, to make concessions piecemeal, for which the aggressor has never been thankful, whereas the correct thing to do is to concede, once and for all, what can be conceded without impairing our sovereignty and to make a final stand there and then. The former course is sure to encourge the belief that the limit has not been reached, while the latter alone may stay the hand of despoliation.

Weakness and Timidity

It is sad commentary on a weakness and timidity long overdue that the recent news of Nanking's presentation of counter-requirements to Mr. Kwangoe should have caused such a stunning sensation. Barring the question of the authenticity of the news which has not been officially confirmed, the nature of those counter-requirements suggests that they are merely minimum conditions China must insist on to insure her status as an independent state. To receive them as anything other than just and proper is tacitly to admit Japan's overlordship over China. It is a mentality which by denying a backbone to weak nations, courts slavery and subjection.

Our conviction is that the sooner all cards are laid on the Far Eastern diplomatic table, the better it would be for China. So far Japan's hand is so familiar to China that it may be considered as fully laid down; but we hesitate to say the same thing of China's.

Ministry of Education Uses Radio Broadcast

Central News says radio broadcast is being utilized by the Ministry of Education side by side with educational films as an important medium of mass education, the promotion of which is occupying the uppermost attention of educational authorities. The ultimate goal of the Ministry is to see a radio network spreading all over the country so that the teeming masses may listen to broadcasts from receivers installed in various schools, mass education institutes and other public organs in different provinces and municipalities.

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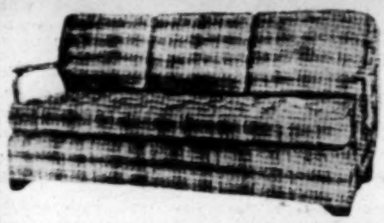

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Shanghai, Oct. 14, 1936

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Demand buying rate on London:	£1.0.0=Sh. $16.58

Huge Sums Contributed to General Chiang's Birthday Plane Fund

Donations exceeding $100,000 have been given by Chinese merchants, bankers and others in Hongkong towards the Chiang birthday airplane fund. Sir Robert Ho Tung of Hongkong donated a sum of $100,000. The Cantonese actor, Hsin Liang-cho, is selling his new motor car by auction for money to donate to the fund. Chinese in Macao are also giving large sums.

The Review's South China correspondent stated that the loyalty of Hongkong Chinese to the Central Government was fully demonstrated by the successful manner in which over $200,000 was subscribed within five days' time towards the fund for the presentation of airplanes to General Chiang Kai-shek on his 50th birthday. The Chinese Gold and Silver Exchange alone contributed $190,000 towards the fund and as the fund is swelling by many thousands of dollars every day there is every hope that in a week or so it will reach $300,000 or even more.

Buddhists to Celebrate General Chiang's Birthday

For the celebration of the 50th birthday of Gen. Chiang Kai-shek, on Oct. 29, the various Chinese business circles and public bodies in Shanghai are rushing preparations for an elaborate program on the occasion which includes the presentation of gift airplanes in the Generalissimo's honor. Meanwhile, the Chinese Buddhist Association, unwilling to be outdone by other organizations, has issued a circular to its various sister associations and Buddhist temples in the country asking them to conduct a special celebration ceremony on said date.

Chiang Kai-shek Orders Suspension of Celebrations for His Birthday Anniversary

Expressing the opinion that lavish spending of money should not be practised for the celebration of the birthday of an individual, Gen. Chiang Kai-shek, president of the Executive Yuan, has personally written instructions asking that no celebrations be held in his honor. All preparations for such celebrations, the Generalissimo said, should immediately be suspended. Similar notifications are learned to have been issued by the Central Kuomintang Headquarters on Gen. Chiang's instructions. Meanwhile the Ministry of War has also decreed that simplicity shall be the keynote of such celebrations in view of the present national crisis.

Air Defence Practice Association Inaugurated in Hankow

An Air Defence Practice Association was formally inaugurated in Hankow October 5.

Japanese Demand Opening of Airlines in North China

Japanese authorities are demanding once again the opening of airlines in North China. It is reported that the Japanese have proposed the opening of three lines, namely, Chengteh-Peiping, Dairen-Tientsin and Dairen-Tsingtao lines. So far, no decision has been reached regarding the matter, the *Ta Kung Pao* of Oct. 9 stated.

The *Shun Pao* recalled that the Tientsin-Dairen airline was formally inaugurated last April by the Japanese authorities, but as the airplanes are limited to the transportation of mails and Japanese military officers, very little about the line is known to the public. The company runs four airplanes, making two trips in each direction per week.

The Japanese military authorities have instructed the Japanese-Manchukuo Aviation Company to establish six airlines in North China. These lines will connect Tientsin and Dairen, Tientsin and Mukden, Peiping and Chengteh, Dairen and Tsingtao, Chengteh and Taiyuan, and Mukden and Tsinan.

China Bought U. S. $782,119 Worth of War Materials from U. S. in September

The U. S. Depretment of State issued licenses for the export of arms, ammunition and war implements to China totaling U. S. $782,119 during the month of September. War planes accounted for U. S. $552,012 of this total figure.

Japanese to Cut Tokyo-Hsinking Air Travel by 6½ Hours

Clipping 6½ hours off the present time for air travel between Tokyo and Hsinking, the Japan Air Transport Company will on June 1 next inaugurate an 8-hour service between the two capitals.

Air Defense Maneuvers Held in Mukden

An air-defense practice was staged in Mukden Oct. 1. More than 20 airplanes of an imaginary enemy tried to bomb the city and were repulsed by the defenders. The practice lasted three days.

Scott and Guthrie Win Portsmouth-Johannesburg Air Race

C.W.A. Scott, joint winner of the London-Melbourne air race, and his co-pilot, Giles Guthrie, won the Portsmouth-Johannesburg air derby Oct. 1, coming in first after competitors in two other machines, who were ahead of them, had crashed. The airmen, who have thus won the £4,000 prize for completing the journey first, covered 6,154 miles in the official time of 52 hours 56 minutes and 48.2 seconds, their average speed being 123 miles an hour.

Five Dead, Three Missing as Japanese Naval Airplane Crashes

Five men suffered fatal injuries and three others disappeared when a large naval seaplane crashed into the sea off the Izu peninsula Oct. 4.

American Newspapermen in Round-the-World Air Race

H. R. Ekins, News York *World-Telegram* correspondent, Leo Kiernan, reporter for the New York *Times*, and Miss Dorothy Kilgallen of the International News Service, started in a round-the-world air-race Sept. 30. They were passengers on the *Hindenburg* from the U. S. to Frankfort from where they made independent arrangements. Mr. Ekins held the lead from the start, arriving in Mainla Oct. 11, where he boarded the *Hawaii Clipper*, on his return to the U. S. He is due back in N. Y. Oct. 20.

Shantung to Have New Rural Reconstruction Body

For the purpose of centralizing rural reconstruction in the province, the Provincial Reconstruction and Educational Departments and Shantung University will jointly organize a Rural Reconstruction Commission. Draft regulations governing the organization of the new body have been submitted to the Shantung Provincial Government for examination and approval.

Authorities on Cooperative Enterprises Gather for Conference at Changchow

China's leading authorities on cooperative enterprises gathered at Changsha early this month to attend the four-day annual convention of the China Cooperative Society.

Hupeh to Make Aerial Survey of Land Areas

As a preliminary step towards the readjustment of the land administration in Hupeh, the Hupeh Provincial Government has decided to make an aerial survey of all lands in the province. The total expenses for the survey are estimated at $2,930,000. The initial fund, amounting to $420,000, is being sought from the Central Government.

Water and Power Plants to Be Built in Putien

The Department of Reconstruction for Fukien is planning the building of a water and power plant in Putien. Fifty thousand dollars has been borrowed from the Foochow banks to finance the project.

Foreign Settlement in Shanghai Has 3,400 Factories, 170,700 Workers

According to latest investigations, there are now 170,700 workers in 3,421 factories in the Foreign Settlement in Shanghai. Most of the factories are located in the Eastern District.

Chinese Electric Engineering Terms Examined

The Electric Engineering Terminology Committee organized by the Ministry of Education held its first meeting in Nanking Oct. 4 to re-examine and standardize over 10,000 Chinese electric engineering terms.

Ministry of Finance to Erect Three New Buildings

Three new buildings are to be erected at the old premises of the Ministry of Finance in Nanking in the near future. One building will be used as the main auditorium, while the others will be used as offices for the Secretariat and the Revenue Department of the Ministry.

Dr. Ralph A. Felton Discusses Rural Reconstruction in America

Dr. Ralph A. Felton, professor of the Nanking Theological Seminary, last week delivered a speech over the Nanking Government's radio on "Rural Reconstruction in America," which in the opinion of the eminent theologist bears many resemblances to that in China. Government assistance in farming, government loans to farmers for the purchase of seed and livestock, reforestation of the hillsides, the terracing of sloping lands, the promotion of farm cooperatives, and a great national system of cooperative land banks and loan associations are a part of America's national rural reconstruction program.

Nanking-Shanghai Special Express to Make Trip in 4 Hours 50 Mins

The Ministry of Railways has decided to operate starting next month a special express service between Nanking and Shanghai (which will reduce the journey to 4 hours and 50 minutes) to be known as the "Metropolitan Special Express."

National Railway Association Holds Meeting in Nanking

Dr. H. H. Kung, Minister of Finance, presided over the 5th annual meeting of the National Railways Association at the Ministry of Railways in Nanking Oct. 8.

Economic Survey Along Hangchow and Nanking Railways

Pursuant to instructions of the Ministry of Railways, concrete plans have been mapped out by the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railway Administration for a comprehensive survey of the economic conditions of the various cities and towns along the two lines.

Who's Who in China

Lin Shih-fun (Andrew S. F. Lin), Government official; born at Pao-an, Kwangtung, 1906; was graduated from Columbia University and Northwestern University with M. A. and J. D. degrees respectively; has successively served as Special Translator, Lytton Commission; member of the Publication Committee, Ministry of Justice; Editor, Bulletin on China's Foreign Relations; Chairman, Foreign Relations Association, Nanking; Professor of International Law, University of Nanking; Secetary, Office of the Special Delegate of the Ministry of Foreign Affairs for Kwangtung and Kwangsi Provinces; address: Office of the Special Delegate of the Ministry of Foreign Affairs for Kwangtung and Kwangsi, Canton.

凌士芬
Andrew S. F. Lin (Lin Shih-fun)

凌士芬，年卅歲，廣東寶安縣人，美國哥倫比亞大學公法碩士，美國西北大學法學博士，曾任國聯調查團繙譯專員，司法行政部出版委員會委員，外交月刊英文編輯，國際問題討論會主席，南京金陵大學國際公法教授，外交部駐廣東廣西特派員公署秘書。地址：廣州永漢公園內　外交公署。

Philippine Supreme Court Rules That National City Bank Is Not Entitled to Special Treatment

The Philippine Supreme Court has ruled that although the Manila branch of the National City Bank of New York is an instrumentality of the United States Government, it is not entitled to special treatment under the Philippine law providing *escheat* of unclaimed back deposits to the Insular Treasury. The high tribunal ordered the bank to turn $7,500 in unclaimed deposits over to the Insular Treasurer. The decision of the court reversed a ruling of the same tribunal rendered prior to inauguration of the Commonwealth Government when a number of Americans were justices on the bench. The present court is 100 per cent. Filipino. The first decision held that national banks, being creations of the United States Congress, are subject to the authority of the United States and should be protected from interference by State legislation, but this decision has now been reversed.

Legislative Yuan Approves International Labor Agreements

The six international agreements adopted recently at the cone vention of the International Labor Office were approved by th Legislative Yuan last week. The agreements are the draft convention concerning the employment of women for underground work in mines of all kinds, draft convention concerning repatriation of seamen, draft convention concerning the fixing of a minimum age for the admission of children to employment at sea, draft convention fixing the minimum age for admission of young persons to the employment as stokers, draft convention governing seamen's employment agreements, draft convention concerning the compulsory medical examination of children and young persons employed at sea.

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Men and Events

Kung Te-cheng, lineal descendant of Confucius, visited Tsingtao last week at the invitation of Mayor Shen.

The fifth annual meeting of the China Co-operators' Union was held in Changsha, Oct. 10, under the chairmanship of Shou Mien-cheng.

A serious epidemic of the black plague (kala-azar) has broken out in northern Kiangsu and Anhwei. Numerous deaths have already occurred.

The Peiping Branch of the Central Saving Society, a subsidiary concern of the Central Trust of China, was formally opened in Peiping Oct. 12.

A reception was held by the trustees of the Foreign Y. M. C. A., Shanghai, Oct. 16, when tea was served and an exhibition given of gymnastics and various games.

The wedding of Han Tzu-hsieh, son of General Han Fu-chu, Chairman of the Shantung Provincial Government, and Miss Wang Ping was celebrated at an elaborate ceremony in Tsinan Sept. 28.

The annual meeting of the Chinese Hydraulic Engineering Socity was held in Sian Oct. 10 under the chairmanship of Li I-chih, Adviser of the Yangtsze River Conservancy Commission.

Miss Winnie Wôo and K. L. Moe were married at the Christian Endeavorers' Church in Shanghai Oct. 10. The Rev. H. G. C. Hallock officiated. Both the bride and bridegroom are with the Chinese Maritime Customs.

The Nanking authorities are making a checkup of all monasteries and convents with a view to preventing spies and secret agents on the payroll of foreign governments in disguise of monks or nuns obtaining military intelligence.

Recent advices from Manila state that enforcement of the new "Chinese book-keeping law" in the Philippines, requiring Chinese merchants to keep sworn translations of their journals and ledgers, is expected to be postponed from one to two years.

The *China Digest*, conducted for many years as a weekly, has changed its format and will be issued hereafter as a monthly, the general style and contents being similar to that of the *Readers Digest* in the United States. The editor is Carrol Lunt.

The Shanghai River Police were called Oct. 10 to investigate the disappearance of approximately $9,000 from the British cruiser *Kent*, flagship of the China Squadron. The money was discovered missing after the absconding of a Chinese mess waiter.

Adolph Miller of Washington, D. C., until recently a member of the Board of Governors of the U. S. Federal Reserve System, having served 22 years in that capacity, is at present in Peiping with Mrs. Miller. They are guests of Mrs. W. J. Calhoun.

Harold M. Bixby, Director of the China National Aviation Corporation, was the speaker at the first meeting of the American University Club Oct. 13, at the American Club, in Shanghai. He related impressions of his flight across the Pacific on the *China Clipper*.

Lieutenant H. D. Rozendal, Executive Officer of the Yangtsze River gunboat, U.S.S. *Guam*, was thrown from his horse while riding in the Hungjao road district Oct. 11, as a result of which one of his legs was fractured. He is being treated at the Country Hospital.

A life-size statue of a nude Chinese girl submitted by the 30-year old sculptor, Chin Hsueh-cheng, of Pootung, has been included among the 124 items selected from among 415 objects of art for exhibition at the Imperial Fine Arts Exposition to be opened at the Uyeno Park in Tokyo on Oct. 16.

The *National Herald* (Sheng Chow Jih Pao), a Chinese daily newspaper in Shanghai, was revived Oct. 10 after having been suspended for 10 years. Yu Yu-jen, President of the Control Yuan, is the Chairman of the Board of Directors of the revived newspaper. He was its self-same organizer in 1907.

The *Shanghai Hwa Mei Wan Pao* Oct. 12 stated that "traitors" are extremely active in Shanghai, some of them being arrested in Nantao, while transporting bags intended for use in defence works. The allegation is that these Chinese are being enlisted to create disturbances in Kiangwan and Chapei.

Robert A. Kemp, for many years connected with American educational activities at Wuchang, was honored at a tea early this month on the occasion of the thirtieth anniversary of his arrival in the Yangtsze port, by three of his early students, Dr. Francis Wei, Johnson Lee and Samuel Seng, all of whom are heads of educational institutions.

Announcement was made in Shanghai last week of the formation of an organization to be known as the Shanghai Foreign Medicine Merchants' Association for the protection of legitimate interests of trade in foreign-style medicines in China, to provide a center for mutual information and to combat unfair competition and protect trademarks.

Entrusted with the mission of investigating the present conditions of the Chinese Consulates and Chinese residents in the South Seas, Hsiao En-cheng, counsellor of the Ministry of Foreign Affairs, departed from Shanghai Oct. 8 enroute to the South Seas Islands. The Waichiaopu official is expected to complete his mission within four months.

Dard Hunter, American author, after a period of research, has published a book on paper-making in Oriental countries. The volume is limited to several hundred copies and is produced for the interest of collectors, libraries and students of the papermaking industries. The paper used in the book comes from the mills Mr. Hunter visited in this part of the world.

Grover Clark, well known in the Far East as editor for several years of the *Peking Leader* and later as a writer of magazine articles and books dealing with China, has recently joined the staff of Civic Education Service, Washington, D. C. The Civic Education Service publishes three magazines, *American Observer*, *Weekly News Review*, and *Junior Review*.

Eighty-five Chinese were taken into custody at Hongkong Oct. 6 when 150 police officers made a raid with a view to locating those implicated in a plot to create anti-Japanese disturbances in the Colony on Sept. 18. A number af civil servants were among those arrested. It was indicated that the Colonial Government would deport about a score of the Chinese concerned.

Ben Schaberg, recent graduate of the University of Missouri, is scheduled to arrive in Peiping shortly, where he will serve as instructor in physical education at the National Normal University. While in school Mr. Schaberg was well known as a baseball player and leader of gymnastic teams. He is traveling to China by way of Berlin, where he attended a conference in connection with the Olympic games.

Mrs. Frank Diebold, who was operated on at the Country Hospital on Oct. 1, is still confined to the hospital. Mr. Diebold is connected with the Eastman Kodak Company. Following her graduation from the University of Missouri, Mrs. Diebold, who formerly was Miss Opal Powell, came to China and for a considerable time served as dietitian at Dr. Fearn's Sanatorium and the American and Columbia Country clubs.

Admiral Orin G. Murfin, commander in chief of the United States Asiatic Fleet, reviewed a parade of 1050 Fourth Marines at the Race Course in Shanghai Oct. 7. The main event of the drill was the presentation of honors by Admiral Murfin, which had been awarded seven members of the corps by the Nicaraguan and Haitian governments. The principal recipient was Colonel Charles Price, who received the Nicaraguan Presidential Medal of Honor.

The Rev C. W. Worth gave an address before the Hangchow Mrssionary Association last week on "Changing America." He described the improvement in transport by air, by rail, and by bus. The trans-Continental bus trip costs $35 or $40. Trains are mostly air-conditioned. The air trip takes less than 24 hours. The depression is a thing of the past. Mr. Worth added with regret that church work in America had become more difficult; pastors were discouraged and dogged by a spirit of defeatism.

Henri le Grauclaude, well-known French writer and authority on French Indo-China, was brought before the French Consular Court in Shanghai last week to face charges of having a falsified passport in his possession. The accused man came to China from Haiphong about two months ago by plane and proceeded from here to Peiping. Acting on information from the local French Consular authorities, French officials in Peiping took le Grauclaude into custody and sent him to Tientsin where he was questioned. From Tientsin, the man was brought to Shanghai by airplane and lodged in Ward Road Jail.

The first annual conference of the China Tea Association was held in Shanghai this week. The second day's sitting was marked by a dispute on the question of the qualifications of the organic law of the association, as no new member should be admitted to the organization without the recommendation of two old members. The membership of the association, which started with only more than 20 members, has now increased to over 100, most of whom are said to have been admitted without proper procedure. It is stated that most of the new members are the ones strongly opposed to the red tea transportation plans enforced by the Central Government during the past few years.

Gerald Samson, the British journalist who was arrested in Tokyo during the February uprising and held prisoner for 17 days without any charge being preferred against him and without being tried, Oct. 9 at Peiping received from Tokyo his personal diaries which were seized by the police at the time of his arrest. These diaries were obtained by the British Embassy in Tokyo after repeated representations. Mr. Samson says he will continue to press for an explanation, apology and compensation if only in the hope of preventing, in future, some similar incident befalling another foreigner in Japan. Mr. Samson had received information that the Tokyo police made complete copies of the diaries while they were in their possession from the middle of February last until late in September.

Recent Movements and Appointments in Chinese Official Circles

Dr. C. T. Wang, the newly appointed Ambassador to the United States on America, called on General Chang Chun, Minister of Foreign Affairs, Oct. 8. He also called on Messrs. Hsu Mo and Chen Chieh, Political and Administrative Vice-Ministers of Foreign Affairs.

Dr. Chiang Ting-fu, Ambassador-designate to Soviet Russia, and Madame Chiang were hosts at a dinner in honor of M. Bogomoloff, the Soviet Ambassador, Oct. 8.

Sir Hughe Montgomery Knatchbull-Hugessen, British Ambassador to China, was the guest of honor of Gen. Chiang Kai-shek, at his official residence in Nanking Oct. 9.

M. Naggiar, the French Ambassador, was host at a luncheon given Oct. 8 at the French Embassy in Peiping in honor of General Sung Che-yuan, and Lieut.-General Chin Te-shun, Mayor of Peiping.

General Chiang Kai-shek and Dr. H. H. Kung, Minister of Finance, and other high Chinese officials participated in the commencement exercises of the Central Aviation Academy at Chienchiao, Hangchow, Oct. 12.

Nelson T. Johnson, American Ambassador to China, paid a courtesy call on Gen. Chang Chun, Minister of Foreign Affairs, and Hsu Mo and Chen Chich, Vice-Ministers, at the Waichiaopu in Nanking Oct. 9.

Upon the recommendation of Chu Ching-lan, chairman of the National Famine Relief Commission, the Executive Yuan has decided to petition the National Government to issue an order commending Dr. H. H. Kung, Minister of Finance, for his meritorious service rendered as chairman of the Drought Relief Association for Cheking and Anhwei in 1934 and as chairman of the National Flood Relief Association in 1935.

"The China Press" Issues Silver Jubilee Number

The *China Press* issued a 204 page Silber Jubilee Number on the occasion of the twenty-fifth anniversary of the founding of the Chinese Republic. The issue contained 86 original articles by almost as many Chinese and foreign authors. The subjects discussed included the various yuans, Chinese relations with foreign countries, finances, aviation, communication, news agencies, development of cities (particularly Shanghai), the salt gabelle, the Customs administration, agriculture, Chinese constitution and law, income tax and many others. Not the last interesting of the contributions is one entitled "Twenty-five years of *The China Press*," by F. T. Durdin, the present managing editor—which served as a companion piece to an article "The Press and Chinese Development", by Thomas F. Millard, the founder of said newspaper, the first copy of which preceded the Chinese Revolution by only a few months—and the incidence of which, it may be stated, gave the new venture a decided fillip. The principal article in the Jubilee Edition was entitled "Republican China in Retrospect" written by C. Kuangson Young, Managing Director and Editor.

The table of contents of the Silver Jubilee Edition includes a formidable array of leaders of the National Government and well-known authorities, among them Madame Chiang Kai-shek, Finance Minister H. H. Kung, Dr. Sun Fo, President of the Legislative Yuan, Yu Yu-jen, Chu Cheng and many others.

Also included in another section of the same edition of *The China Press* was an extensive article dealing with the history of American journalism in China which was written by J. B. Powell, editor of *The China Weekly Review*.

Foreign authorities included such well-known men as Dr. Paul Monroe, Prof. E. T. Williams, Pearl S. Buck, Herbert Chatley, Sven Hedin, Dr. W. W. Willoughby, Prof. Harley F. MacNair and many others.

The edition is printed on art paper with excellent reinforced binding between two silver covers. A limited number of copies at the pre-publication price of $5.00 per copy are obtainable at *The China Press* offices at 160 Avenue Edward VII, Shanghai.

Japanese Marines Not to Be Allowed to Cross Soochow Creek

As patrolling by Japanese marines south of Soochow creek represents a violation of the police regulations of the International Settlement, it is reported by the *Hwa Mei Wan Pao* that the Shanghai Municipal Council has lodged a protest with the Japanese Consul-General against the patrolling of more than 200 Japanese marines in the Settlement at one time. According to another report, the communique of the Council declared that notice must be given to the Council one hour beforehand if the Japanese marines intend to pass through Settlement streets south of Soochow creek.

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New Books of Interest in the Far East

The China Year Book, 1936

The China Year Book, 1936, edited by H. G. W. Woodhead, C. B. E. Printed, published and bound by the North China Daily News & Herald, Ltd., Shanghai.

Neatly arranged, compact in form and well printed, the China Year Book for 1936 contains 530 pages of valuable information. The contents are arranged according to the general scheme which has made this volume a standard book of reference for many years. Some of the subjects covered are the following:—National Economic Council, Education, Foreign Trade, River Conservancy and Harbors, Shipping, the Customs Service (including a history of recent smuggling), Currency and Banking, Communications (railways, highways, post office, telegraphs, radio, telephone, aviation), Labor, Public Justice, Minerals, Religions, Colonies, Finance, Public Health, Army and Navy, Cinemas, Insurance, etc. The last chapter is devoted to Shanghai.

Where there is such a wealth of material the task of picking out that which is distinctive is difficult. The reviewer will take first the development of the cinema in China. The cinema was brought here in the first place by a Spaniard named Ramos and one Lin Chu-san. A notable milestone was when the Commercial Press, Ltd. in 1917 opened a Motion Picture Department. "Sound" pictures date from 1927. The first really successful "sound" venture was introduced in 1929, through the late S. Hertzberg, who brought out from America J. P. Koehler with R. C. A. equipment. One of the bugbears of the cinema industry, from the cinema industry's point of view, is the multiplicity of censorships, and the charges for same. More than a page is devoted in the Year Book to a details of the operations of the censors.

Another "live" subject treated is that of smuggling. Mr. Woodhead notes that "it is of interest and significance to observe that, except for a few comparatively small lots, all illicit cargo arriving at Tientsin is of Japanese manufacture or origin, the sugar being mostly the crude Japanese variety refined in Japan—a fact which would tend to indicate that no Open Door to other than Japanese interests exists as yet even in this deplorable and illicit trade. A very rough but conservative estimate of the duty evaded on the illicit cargo gives a figure somewhere between $25,000,000 and $30,000,000. This is an alarming figure, although it may be remembered that had the Customs been functioning normally and had the way not been made clear for the smuggling organizations the volume of the cargo imported would not have reached the above stupendous figures."

An important chapter is that on International Relations, in which the Sino-Japanese disputes are discussed at length. Considerable space is also devoted to Sino-British relations, particularly Sir Frederick Leith-Ross's mission.

The Greatest of Mongol Leaders

Genghis Khan, by Ralph Fox. London, John Lane The Boldey Head, 1936.

Every year thousands of Mongols, from the mountains of Japanese-controlled Hsingan and Jehol to the plains of Chinese Suiyuan, assemble at the burial place of Genghis Khan to honor the memory of the man who once ruled half the world.

To these Mongols,—the victims of international rivalries,—the name of Genghis is a reminder of their former power and glory, the sole incentive to continued struggle for unity and freedom from foreign domination.

To this worshipping of a conqueror, nearly 700 years after his death, there is no parallel in the modern world. If for no other reason, therefore, the life of Genghis Khan is worthy of study. Unfortunately, the literature on the subject is extremely scant, Mr. Fox's study being one of two books in English based on a study of the original sources.

In Mr. Fox's unorthodox interpretation the Khan is not a conqueror, whose genius alone was responsible for his innumerable victories, but a historical phenomenon, whose rise to power was largely the result of an interplay of economic and social factors. Chingis, according to Mr. Fox, made his first step to power, from the status of a "noyon," or a prince, "half a robber, half an aristocrat, beggarly and proud," to that of Mongolia's first elected King because "the need for such a centralized power as he now held . . . had long been felt among the Mongols and the germs of all its institutions had been in existence even in the days of his father Yesugei."

"Chingis created nothing new," the writer adds. "He only understood with truly remarkable insight the meaning of the changes taking place among his people, speeded up those changes through his own impetuous energy and genius, and gave them final form."

At the great "kurultai", assembly, of 1206 Chingis divided land among his vassals, who were to supply him with soldiers for his army, and created a guard, of which Mr. Fox says that "no such military force existed anywhere in the world at that time and such a closely-knit, highly trained and courageous body of men had rarely taken the field". Chingis also drew up a code of law, which regulated sexual relations, prohibited untruth, magic, spying and interference with each other's conduct, and specified punishment for serf and lord alike.

"The Mongol Army," says Mr. Fox, "was to prove itself in the next fifty years the most powerful ever forged. For this the credit must go to Chingis Khan, its creator . . . Because he was a military commander, with trusted lieutenants and a disciplined force behind him, Chingis could take swift decisions and strike lightening blows which were impossible to his enemies, hampered by family divisions and jealousies.

"Chingis himself, now fifty years old, was a man of indomitable will, violent energy and great mental power. These qualities were born in him, but they had been developed to their highest point by the conditions of his long and bloody struggle for power. Power was his passion and this passion happened to coincide with the path of development and the interest of his people . . . He had few prejudices and it was no doubt his great mental energy which made him such an eager listener to those with better education and wider experience than himself. Few conquerors in history have made better use of their intelligence service than this illiterate nomad."

His first major war, with China, came because "conquest was an absolute necessity for the new kingdom". Mongolia had to carry on trade on a large scale to supply the new feudal lords with costly goods, their men with arms and grain. But peaceful trade was impossible because of the internal chaos in China, split between two dynasties, with its internal economy in a collapse.

"There was no dream of world empire, only the inexorable pressure of economic forces combined with the genius of one man the cunning or wisdom of his more civilized advisers".

With China Genghis' easy prey, next came the turn of the powerful empire of Khwarizm, with its cities, Samarkand and Bokhara. The war started when the Khwarizm-Shah, disregarding Chingis' sincere desire for peaceful trade, killed the latter's ambassadors. The campaign was brief and victorious, the Mongol armies marching as far west as the Russian plains.

By this time, Chingis, 68, heard the call of death. He returned to Mongolia, to enjoy the remaining days of his life in peace. In a letter written to Chang Ch'un, the famous Taoist philosopher, whom he wanted to help him evaluate his achievements, spoke thus of himself:

"Heaven has abandoned China owing to its haughtiness and extravagant luxury. But I, living in the northern wilderness, have no inordinate passions. I hate luxury and exercise moderation. I have only one coat and one food. I eat the same food and am dressed in the same tatters as my humble herdsmen. I consider the people my children, and take an interest in talented men as though they were my brothers. We always agree in our principles, and we are always united by mutual affection. At military exercises I am always in the front, and in time of battle never behind. In the space of seven years I have succeeded in accomplishing a great work and uniting the whole world in one empire. I have not myself distinguished qualities . . . It seems to me that since the remote time of our Shan Yu, such a vast empire has not been seen. But as my calling is high, the obligations incumbent upon me are also heavy; and I fear that in my ruling there may be something wanting . . ."

He died in August, 1227, in the field with his army, on the border of Kansu and Shensi.

The book is recommended reading. M.

"The Period of Contempt"

Days of Wrath. By Andre Malraux, translated from the French by Haakon M. Chevalier, with a foreword by Waldo Frank. New York, Random House, 1936. xviii, 174 *pages.* $1.75 *Gold.*

In the midst of novels which take hundreds of pages to elaborate their complex plots, the simplicity and depth of this story by a Goncourt prize winner will not soon be forgotten. A German communist is arrested and imprisoned by the Nazi police. After days of torture he is set free by means of the voluntary sacrifice of an unknown man. This simple theme is but the vehicle through which is shown man's relationship to man. That heroism may show itself in varying forms we know, and the heroism of the present time is no less magnificent than the more spectacular heroism of a former day. More poignant than Krassner's struggle for sanity in prison are the few paragraphs in which Krassner learns that a nameless comrade has set him free.

The title Le Temps du Mepris has been translated in this edition "Days of Wrath," but another translation, "The Period of Contempt," gives a more penetrating interpretation of the book's spirit. The scene is Hitler's Germany, but the tragedy and symbol are universal: the conflict between individualism and selflessness. The days in the prison camp bring to Krassner a renewed sense of the fellowship of man, the only force which can face and cope with cruelty, the only force which can "go into the very bloodstream, to the forbidden places of the heart, where torture and death are lurking." Krassner's experience shows him that man's significance is in his will, that "man had become man in spite of cruelty, and that dignity alone, perhaps, could offset pain." The author shows through Krassner that man's achievements must come through a conscious and purposeful collective action.

Andre Malraux is an author in whom the sense of the spirit of man overflows to give vitality to every page. This short novel

follows a group of three set in the Far East, but carries further Malraux's epic of revolution. The author's preface contains a fine expression of his philosophy of art:

"It is not emotion that destroys a work of art, but the desire to demonstrate something; the value of such a work depends neither upon its emotion nor its detachment, but upon the blending of its content with the method of its expression. And if the work's value, justification, and chances of lasting reside in its *quality*, its content—regardless of the author's intention—alters the existing emotional scale; without an inexorable necessity for such alteration the work would doubtless not have come into being. The history of artistic sensibility in France for the past fifty years might be called the death-agony of the brotherhood of man. Its real enemy is an unformulated indidivualism which existed sporadically throughout the nineteenth century and which sprang less from the will to create a man whole than from a fanatical desire to be different. Artistic individualism is concerned above all in safeguarding the "inner world", and is justified only when it is applied to the domain of feeling or of dreams . . . .

"The individual stands in opposition to society, but he is nourished by it. And it is far less important to know what differentiates him than what nourishes him."

F. M. R.

Recent Publications Received

The *Quarterly Review of Chinese Railways* for October, issued by the Ministry of Railways at Nanking, contains articles by Julean Arnold, U. S. Commercial Attache, A. C. Tsow, Chang Wei-tze and S. Y. Wu, all bearing on subjects connected with railways and transportation. There is also the text of a radio address by Francis K. Pan on Credit Rehabilitation. James C. Y. Liu contributes a description of the Cheng-Tai Railways, of which he is the secretary,

The *Information Bulletin* of Sept. 21 issued by the Council of International Affairs at Nanking is devoted to the "Renaissance of Rural Kiangsi." The author, Albert T. Lu, says that Kiangsi province, given peace and freedom from foreign aggression, will undoubtedly forge ahead in its experiment of rural rehabilitation. Mr. Lu expresses the hope that no effort will be spared either by the national or provincial leaders to make Kiangsi one of the model provinces of China.

The September issue of the *Chinese Economic Journal* is devoted mainly to discussions of the export trade in eggs and egg products and grounduts. It also contains the regulations governing collection of income tax.

China Occupies Prominent Place in Stimson's Book

China occupies a prominent place in the new book of Colonel H. L. Stimson, former U.S. Secretary of State, entitled "Far Eastern Crisis, Recollections and Observations," published in New York by the Council of Foreign Relations. The underlying purposes of America's policy during the Japanese aggression in Manchuria, Colonel Stimson says, were: "To preserve America's future friendly relations with China by fulfilling obligations under treaties, and to preserve the foundations of co-operative action for the preservation of peace in the world."

These two purposes, declared the author, have sometimes been criticized as transcending the usual objective of diplomatic action, such as the preservation of commercial trade, but he said he was quite ready to face such criticism.

Speaking of China, Colonel Stimson said the future of China is one of the great problems of the ages. But one thing is clear—she must develop in her own way. She cannot be dominated or driven by an outside force into an alien or undesired form of evolution. Hers is the most persistent national culture in the world. Forty centuries have demonstrated that fact. Also, the essentially peaceful character of her domestic internal culture is now the main stabilizing factor in Asia. Its loss would be a blow directly affecting the peace of her neighbors, including America. It would be a short-sighted policy if the loss should come through the disregard of treaty obligations by the American Government . . . Those Americans who think all that is necessary to solve the Manchurian problem is for the United States and Japan to patch up a modus vivendi agreeable to Japan, forget that this is a far more important underlying problem to China. At the present moment no agreement or arrangement agreeable to Japan would be other than destructive and repugnant to China."

Concerning the effort of the United States to co-operate with Britain, the author recounts that when things looked darkest in February 1932, after a consultation with President Hoover, he raised with the British Ambassador the question of a joint invocation by Britain and America of the Nine-Power Treaty for the purpose of stopping Japan.

After describing how shortly afterwards he urged the consent of Sir John Simon (British Foreign Secretary) in a trans-Atlantic telephone conversation, Colonel Stimson proceeds:

"I talked with Sir John Simon again on the same subject in London on Feb. 13 and 15, and while no explicit refusal of my suggestion was ever made, I finally became convinced from his attitude that the British Government felt reluctant to join in such a demarche. Therefore, I pressed no further."

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OPENING OF CANTON-HANKOW RAILWAY PROVIDES THROUGH RAIL CONNECTION TO EUROPE

(*Continued from page 232*)

Long Suspense Ended

After being left in a state of suspense for 13 years the construction of the middle portion of the line from Chuchow to Shiukwan, a distance of 284 miles, was resumed under the Railway Ministry in Nanking in 1929 with the help from the Belgium Boxer Indemnity Fund and from the revenue of the Southern Section of the line. About one year later, funds became scarce and work was retarded until by the summer of 1932, a state of suspense was reached again. Negotiations between the Ministry of Railways and the Sino-British Boxer Fund Board led to an advance being made in October 1932 which enabled the Shiukwan-Lokchong section of 31 miles to be completed and handed over to the Southern Section Administration of the Railway. A loan agreement was completed in July 1933 between the two negotiating parties mentioned above, by which the Ministry of Railways were granted the sum of £1,660,000 for purchasing materials abroad and about $30,000,000 Chinese currency for labor and local material required for the completion of the line. These grants enabled work to be pushed on at a rapid pace and while the formal opening of this Railway was many months ago fixed for October 10, 1936, the first passenger train passed over the whole line on September 1. The first passenger train left Canton on September 1 at 11 p.m. and arrived in the Wuchang eastern station on September 3 at 8 p.m. after an unavoidable delay at Yochow for fifty minutes, taking 44½ hours for the whole journey. It is expected that with the arrival of new locomotives from England the schedule can be reduced to under forty hours. The first train from Canton on September 1 carried about over 100 passengers including some officials and workers of the railway. The first south bound train left Wuchang eastern station on the evening of September 4.

Fares for the journey have been fixed at $36 first class, $24 second class and $12 third class (Shanghai currency).

Before the inauguration of the passenger trains on September 1 many test trials were run on the line and found satisfactory. The first foreigner to travel over the line was a British journalist, Gerald Samson, who went from Hankow to Canton by this line on July 1. His actual travelling time was 57 hours and he averaged 12 miles an hour. According to present schedule the trains pass through over ninety stations en route.

The first newspaper in South China to send its correspondents to travel over the line and write a full description was the local *Wah Kiu Yat Po*, which sent two reporters, who were among the passengers on the train of September 1.

Canton, October 7, 1936.

China Moves Toward Unification

(*Christian Century, Chicago*)

Within a single week two events of far-reaching importance have taken place in China. The first, heralded by the press of the world, saw the completion of an agreement between the Nanking generalissimo, Chiang Kai-shek, and the authorities of the province of Kwangsi. The second, which attracted little notice, saw the opening of the 450-mile railway from Hankow to Canton. General Chiang's agreement with Kwangsi brings into the orbit of the central government the last province to dispute the authority of Nanking. It must be reckoned, therefore, as the most important recent political development in the far east. But the opening of the railway may prove in the long run to have greater consequences. For this line gives China for the first time direct rail communications between the central Yangtze region and the south. In the event of war it is plain that such a railway would prove of enormous value, when used in conjunction with the 100,000 miles of strategic automobile highways now completed, to repel an invasion launched from the coast. Despite the difficulties put in his path—most of them by the Japanese—it is clear that General Chiang is succeeding in unifying China as that country has not been unified since the downfall of the Manchus. What this may mean for the future peace of Asia is best estimated by noting the increasing shortness of temper displayed by Japan's army leaders. They realize, if the west does not, that Chiang is rapidly making China a foe not to be despised.

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